BRITISH COLUMBIA
ECONOMIC AND STATISTICAL REVIEW

Province of British Columbia
Ministry of Finance and Corporate Relations

BRITISH COLUMBIA

ECONOMIC AND STATISTICAL REVIEW

1989

I am pleased to present the forty-ninth edition of the *British Columbia Economic and Statistical Review*, the first edition released under this new title. This publication is a valuable source of information on a wide range of subjects. Its contents include a description of British Columbia's physical and institutional structure as well as information on provincial government programs and finances, economic developments and demographic trends.

This year's Review brings together information previously presented in two separate provincial government publications: the *Financial and Economic Review* and *Facts and Statistics*. The merger of these documents has resulted in a superior publication and cost savings.

I am confident all those who read the *British Columbia Economic and Statistical Review* will find its contents both useful and interesting.

October 1989

MEL COUVELIER
Minister of Finance
and Corporate Relations

90-00313/

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Victoria, British Columbia
Canada
V8W 1K8

or

Communications Branch
Ministry of Finance and Corporate Relations
Parliament Buildings
Victoria, British Columbia
Canada
V8V 1X4

British Columbia Cataloguing in Publication Data

Main entry under title:
British Columbia economic and statistical review. —

Annual.
Merger of: Financial and economic review, ISSN 0701-9882, and: British Columbia facts and statistics. ISSN 0407-2340
ISSN 0847-1525

1. British Columbia — Economic conditions — 1945– 2. British Columbia — Statistics. 3. Finance, Public — British Columbia. 4. British Columbia. I. British Columbia. Ministry of Finance and Corporate Relations.

HC117.B7B742 330.9711'04

ERRATUM

Please note that Map 4.3 "Major Operating Mines (1988)" is located on page 70 and that Map 4.4 "Provincial Pipeline Network and Major Hydroelectric Dams" is located on page 67. These maps have been inadvertently transposed. Sorry for any inconvenience.

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CHAPTER 1

Economic Review

1. Economic Review

Overview

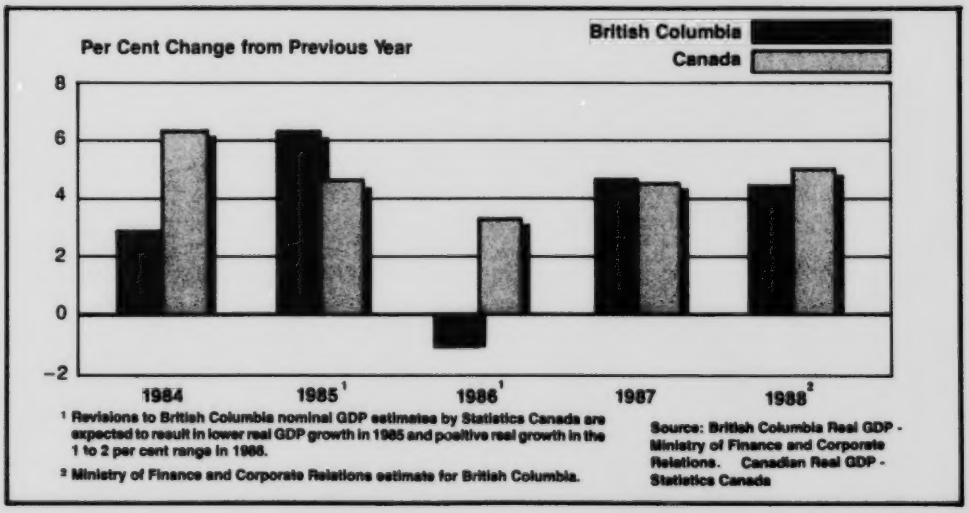
In 1988, the British Columbia economy experienced another year of strong economic growth. Both capital investment and exports expanded significantly, due to continued growth in the major industrial economies and commodity price increases.

Real gross domestic product, the value of all goods and services produced in British Columbia, is estimated to have increased 4.5 per cent in 1988, slightly less than the 1987 increase of 4.6 per cent.

Other economic indicators also show the strength of the provincial economy in 1988.

- The total value of British Columbia manufacturing shipments increased 7.2 per cent in 1988, reflecting not only the strength of particular resource industries but also of non-resource related manufacturing.
- The value of British Columbia's international exports rose 10.8 per cent.

Chart 1.1 Real Gross Domestic Product



[1] Revisions to British Columbia nominal GDP estimates by Statistics Canada are expected to result in lower real GDP growth in 1985 and positive real growth in the 1 to 2 per cent range in 1986.

[2] Ministry of Finance and Corporate Relations estimate for British Columbia.

Source: British Columbia Real GDP - Ministry of Finance and Corporate Relations. Canadian Real GDP - Statistics Canada

- Retail sales increased 8.7 per cent.
- Tourism activity in British Columbia increased significantly with total visitors to the province increasing 12.0 per cent.
- Capital investment was 18.3 per cent higher than in 1987.
- Employment increased by 52,000 jobs or 4.0 per cent while the unemployment rate declined from 11.9 to 10.3 per cent.
- Housing starts increased 5.3 per cent to a total of 30,487 units.

External Conditions

Canada's real gross domestic product increased 5.0 per cent in 1988. Of the G-7 countries, only the Japanese growth rate of 5.7 per cent was higher than Canada's. In the United States and West Germany real gross national product rose by 3.9 per cent and 3.4 per cent, respectively.

The strong economic performances of the major industrial countries led to concerns about inflation. In Canada the inflation rate averaged 4.1 per cent in 1988.

The Bank of Canada and other central banks adopted tight monetary policies in response to concerns over inflation. This led to interest rate increases over the course of the year. The Bank of Canada rate rose 2.5 percentage points to over 11.0 per cent while the Canadian three-month treasury bill rate reached 10.94 per cent by the end of December 1988.

Key Sectors

The provincial resource sector continued to show strength during 1988.

Pulp production, which increased by 1.6 per cent to 7.2 million tonnes, was a major source of strength among resource industries. Strong demand for pulp, combined with supply constraints, led to a 23.0 per cent or $132 U.S. per ton increase in average North American list prices during 1988.

The demand for lumber, however, weakened. The 6.4 per cent fall in lumber prices partly reflects reduced North American residential construction activity.

The market for newsprint also began to slow down during 1988. Provincial production of newsprint totalled 1.6 million tonnes in 1988, 4.3 per cent more than in 1987. However, newsprint prices declined over the course of the year, while newsprint consumption peaked in the summer. With extensive newsprint capacity increases expected to come into production over the next three years, further price weakness can be anticipated.

Metal and mineral mining were major contributors to provincial economic growth in 1988. Metal prices rose, with copper, zinc and aluminum all posting substantial gains. The increase in the price of copper resulted in the value of British Columbia copper production increasing to $969 million in 1988 from $842 million in 1987.

Coal sales also increased in 1988, due to a slight increase in prices and an 11.6 per cent rise in production.

Natural gas production rose by 4.8 per cent in 1988 while the value of natural gas delivered to the pipelines increased by 6.0 per cent. Average oil prices declined significantly during the year due to OPEC's inability to restrict supply. British Columbia crude oil production decreased 7.4 per cent in 1988.

Tourism made an extensive contribution to the provincial economy during 1988. Overall, the number of tourists in the province increased by 12.0 per cent to 18.7 million people while tourism revenues increased by 13.1 per cent to $3.5 billion. The number of international visitors coming to the province increased by 3.6 per cent in 1988, while 23.9 per cent more British Columbians toured the province.

External Trade

Exports of goods from British Columbia increased to an estimated $17.4 billion in 1988, a 10.8 per cent increase over 1987 levels.

The United States continued to be British Columbia's largest trading partner, purchasing $7.4 billion of British Columbia exports in 1988, a 2.6 per cent increase over 1987 levels. The proportion of total provincial exports destined for the United States fell from 46.3 per cent in 1987 to 42.8 per cent in 1988.

Table 1.1 British Columbia Exports to Major Countries and Market Areas

	Value		Change	Per Cent of Total	
	1987	1988	1987–1988	1987	1988
	($ millions)		(per cent)		
United States	7,257.3	7,442.8	2.6	46.3	42.8
Japan	4,051.1	4,706.1	16.2	25.8	27.1
United Kingdom	661.5	804.8	21.7	4.2	4.6
West Germany	416.8	491.8	18.0	2.7	2.8
South Korea	416.2	480.0	15.3	2.7	2.8
Italy	310.9	352.6	13.4	2.0	2.0
Taiwan	240.6	344.4	43.1	1.5	2.0
Australia	271.9	320.0	17.7	1.7	1.8
People's Republic of China	273.1	270.4	– 1.0	1.7	1.6
France	265.6	268.4	1.1	1.7	1.6
Belgium	246.1	259.5	5.4	1.6	1.5
Other countries	1,278.8	1,636.3	28.0	8.1	9.4
Total	15,689.9	17,377.3	10.8	100.0	100.0
Special Groupings:					
European Community[1]	2,171.0	2,513.5	15.8	13.8	14.5
Pacific Rim[2]	5,643.8	6,640.2	17.7	36.0	38.2

[1] Belgium, Denmark, Ireland, Italy, France, Greece, Luxembourg, Netherlands, Portugal, Spain, United Kingdom and West Germany.
[2] Australia, China, Fiji, Hong Kong, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.
Source: Ministry of Finance and Corporate Relations.

British Columbia exports to Japan increased 16.2 per cent in 1988. The appreciation of the Japanese yen against the Canadian dollar contributed to this performance by making British Columbia products comparatively cheaper. Over half of Canadian exports to Japan now originate from the province and Japan accounts for 27.1 per cent of total British Columbia exports. British Columbia exports to other countries of the Pacific Rim also increased significantly in 1988, rising by 21.4 per cent. The proportion of total provincial exports destined for the Pacific Rim rose to 38.2 per cent during 1988.

Another major market for British Columbia products is the European Community. In 1988 total provincial exports to the European Community were valued at $2.5 billion, an increase of 15.8 per cent over the previous year. The European Community is the destination for 14.5 per cent of British Columbia exports.

In terms of commodities, approximately 56 per cent of British Columbia exports are forest industry products. Forest product exports, led by pulp, increased more than 8.0 per cent in 1988 in spite of weaker lumber markets.

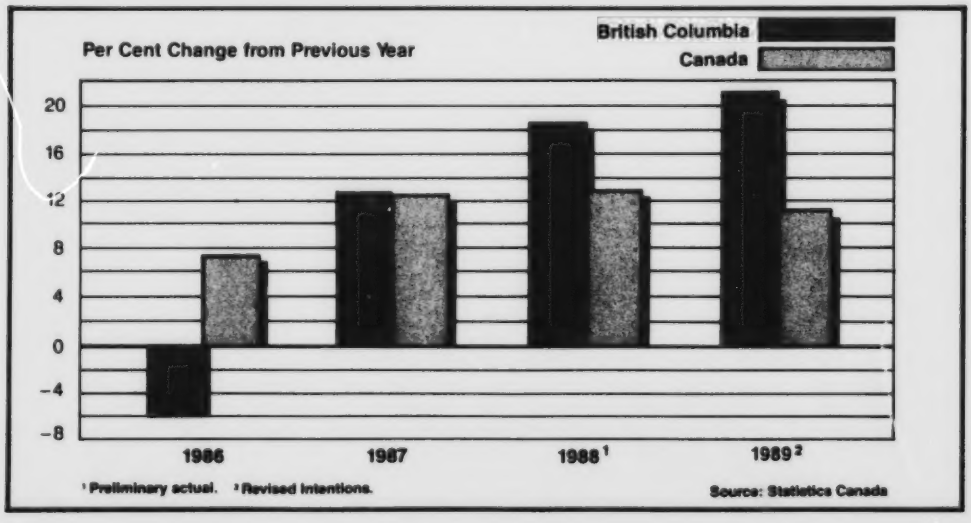
Metals and minerals, which account for 12 per cent of total provincial exports, rose substantially in 1988. Impressive gains were posted by zinc, copper, and aluminum.

Energy products, including coal, natural gas, electricity and petroleum products represent 11 per cent of British Columbia's international sales. These commodities also posted export gains in 1988, due mainly to increased coal sales.

Capital Investment

New capital investment in British Columbia is estimated to have increased by 18.3 per cent in 1988, to $12.8 billion.

Chart 1.2 Annual Growth in Fixed Capital Investment



Among sectors, the highest rate of growth in capital investment occurred in manufacturing. The 41.5 per cent increase in the manufacturing sector was dominated by expenditures on pulp and paper machinery and equipment, destined for mill expansions underway in the province. Investment in the mining sector was also strong, growing by 38.9 per cent.

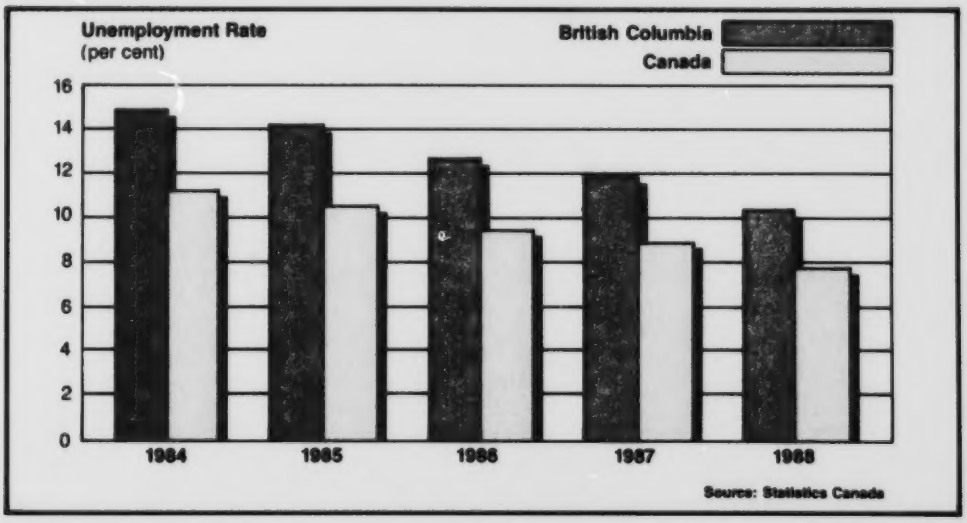
Population

The population in British Columbia increased by 68,129 persons or 2.3 per cent in 1988, reaching a total of 3,029,000 as of December 31. Migrants, attracted by improved provincial labour market conditions and the generally positive state of the provincial economy, were largely responsible for this increase. Net interprovincial in-migration totalled 29,900 in 1988, the largest net inflow of people from other provinces since 1980. In addition 16,700 international immigrants arrived in British Columbia.

Labour Market Developments

Average British Columbia employment rose by 4.0 per cent in 1988, representing an increase of 52,000 jobs. This, together with a 2.2 per cent increase in the size of the labour force, resulted in a decline in the average unemployment rate from 11.9 per cent in 1987 to 10.3 per cent in 1988.

Chart 1.3 Annual Unemployment Rate



The construction, forestry, pulp and paper, and finance, insurance and real estate industries were the major sources of employment growth. Total employment in the transportation, communications and utilities and the public administration sectors declined during the year.

During 1988, there were 264 major collective agreements settled in the province covering 182,000 employees. This compares to 275 settlements and 88,000 employees during 1987. The average annual negotiated wage increase was 4.8 per cent, up from the 2.1 per cent negotiated in 1987.

Consumer Expenditure

Retail sales in British Columbia increased 8.7 per cent in 1988 following a 10.0 per cent increase in 1987. The strength in consumer spending resulted from employment growth, wage and salary increases, in-migration and sustained levels of housing starts.

Chart 1.4 Annual Growth in Retail Sales

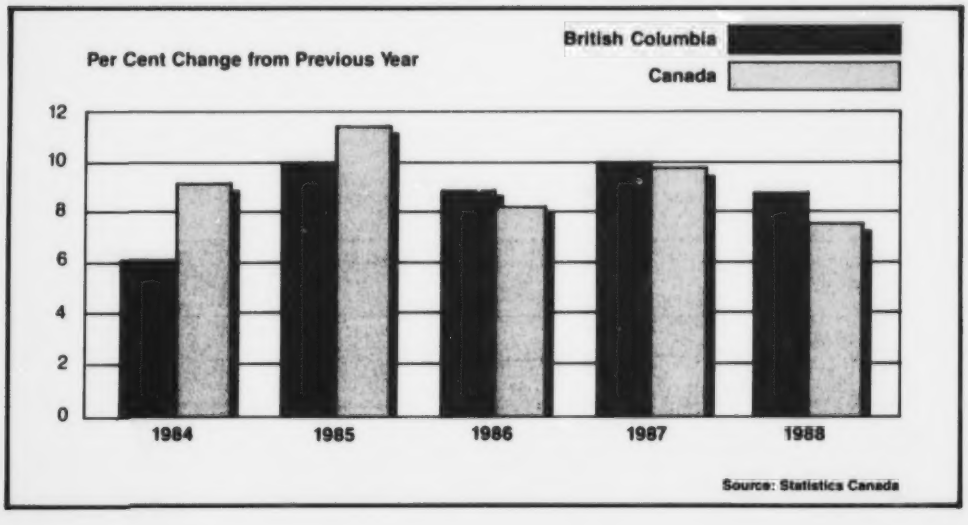


CHART 1.2 — ANNUAL GROWTH IN RETAIL SALES FOR BRITISH COLUMBIA AND CANADA.

Prices and Incomes

British Columbia continued to experience moderate inflation in 1988. The Vancouver consumer price index (CPI) rose 3.6 per cent while the Victoria index increased 3.8 per cent. By comparison the Canadian CPI rose 4.1 per cent. This is the seventh consecutive year that the Vancouver inflation rate has been below the Canadian average. The rate of increase in the Victoria CPI has been below the national rate since its inception in 1984.

Personal income in British Columbia is estimated to have increased by 7.6 per cent in 1988 as a result of increased employment and wage growth. Average weekly earnings in the province rose by 2.9 per cent.

Current Situation

British Columbia economic growth continues at a strong pace. However, the economic momentum built up within the provincial economy over the past two years is likely to be dampened over time by a slower rate of global expansion and relatively high interest rates.

Developments in the major industrialized countries in the first half of 1989 have had a mixed impact on the British Columbia economy. Growth is slowing in the United States, particularly in the consumer sector. Real gross national product (GNP) rose at an annual rate of 3.1 per cent during the first half of 1989. However, growth was a more moderate 2.6 per cent if the one-time impact of the agricultural sector's drought recovery is removed. United States housing starts have fallen and capacity utilization figures are trending downwards.

The Japanese economy expanded at a rapid 9.1 per cent annual growth rate in the first quarter of 1989. The consumer spending and business investment sectors grew strongly. Economic growth in Japan could be as high as 5.0 per cent during 1989.

West German GNP grew at a 12.0 per cent annual rate in the first quarter of 1989. This was largely due to extensive construction activity. Annualized United Kingdom growth was 2.4 per cent in the first half of 1989 while the French economy posted a strong 5.3 per cent annual growth rate in the first quarter. Overall, the major European economies are expected to grow by 3.0 per cent in 1989.

The Canadian and British Columbia economies appear to be entering the latter stages of an economic expansion. Inflation is trending upwards and the Bank of Canada has adopted an aggressive anti-inflationary stance. For Canada as a whole the average annual inflation rate as of August 1989 was 4.9 per cent, while in Vancouver the inflation rate was 4.1 per cent. Upward pressure on price levels is also coming from the labour market. The British Columbia average annual negotiated wage increase in the first two quarters of 1989 was 6.3 per cent, up from the 3.6 per cent negotiated during the first half of 1988.

During the first eight months of 1989 the Bank of Canada rate rose sharply to 12.4 per cent, its highest level since 1984. Interest rates are not expected to decline significantly until a variety of Canadian economic indicators clearly show a reduction in inflationary pressures.

Second quarter 1989 GDP figures for Canada do provide some indication that the Canadian economy is entering a period of weaker growth. Canadian real GDP grew at a low 0.6 per cent annual rate in the second quarter, well below the 3.3 per cent growth rate of the first quarter.

From British Columbia's perspective, output and commodity price figures over the first half of 1989 are also signalling an economic slowdown from the exceptionally strong growth rates of the last two years.

Economic Outlook 1989

The British Columbia Economy

In the budget tabled on March 30, 1989, economic growth of 3.0 per cent was forecast for British Columbia in 1989. Recent evidence indicates that British Columbia is growing faster than any other province. Due to this favourable performance, economic growth in the province is likely to reach 3.7 per cent during 1989.

Key indicators have performed as follows during 1989:

- After a period of slow growth between February and May, *employment* growth resumed in the early summer. Employment in August was 5.7 per cent higher than in August 1988, the best job-creation performance among Canadian provinces. Employment growth is expected to average 5.0 per cent in 1989.
- The *unemployment rate* averaged 9.5 per cent in the first eight months of 1989 compared to 10.4 per cent for the same period last year. At 8.8 per cent, the August unemployment rate was was well below last August's 10.4 per cent. The unemployment rate is forecast to average 9.4 per cent in 1989.
- Aggregate *wage and salary income* in the January to May period was 9.0 per cent higher than in 1988 due to growing employment and wage increases. The same 9.0 per cent rate of increase is expected for 1989 as a whole.
- *Retail sales* were up 10.1 per cent in the first six months of the year, the largest rate of increase in Canada. The projection is for retail sales to grow 9.0 per cent for the entire year.
- *Net migration* to British Columbia totalled 29,890 people during the first half of 1989, compared to 24,741 last year. As a result, population growth has been higher than expected.
- *Capital investment* is probably the single most important force in the current expansion. Although interest rates increased sharply earlier in 1989, investment spending plans have continued to grow rapidly. Statistics Canada's survey of capital spending intentions showed that British Columbia firms plan to spend over 20 per cent more in 1989 than in 1988.

Housing investment has also been much stronger than expected, with urban housing starts 21.8 per cent higher in the first eight months of 1989 despite rising mortgage rates. The housing market is expected to remain strong with 37,000 housing starts projected for the year, up significantly from the March forecast of 29,000.

Growth of the external sector of the economy has slowed considerably. The value of exports (in current dollars) was up 2.0 per cent in the first six months of 1989 due mainly to a 5.4 per cent drop in exports to the United States. Exports to Japan and the European Community rose 6.0 per cent and 11.6 per cent, respectively.

In the first eight months of the year, the Vancouver and Victoria consumer price indexes rose 4.1 per cent, compared to 4.9 per cent for Canada as a whole. For all of 1989, Canadian inflation is expected to be just over 5 per cent while prices in British Columbia are expected to increase 4.5 per cent.

Inflation in British Columbia is becoming more evident in labour markets. Shortages of experienced and skilled labour are appearing and some workers, particularly those in the public sector, have been seeking "catch up" raises. As a result, collective bargaining agreements in the first half of 1989 provided average annual wage increases of 6.3 per cent compared to 3.6 per cent in the first half of 1988.

Outlook Beyond 1989

The outlook for 1990 and beyond is essentially unchanged from the March forecast. Economic growth in British Columbia is expected to slow to 2.5 per cent in 1990 as growth begins to moderate overseas. However, the province should continue to outperform other regions of Canada as a result of the on-going effects of high levels of capital spending.

BRITISH COLUMBIA ECONOMIC FORECAST: 1989

	— Forecast —	
	Budget	Revised
Real Gross Domestic Product (1981 $ million)	52,633[1]	52,991
(percentage change)	3.0	3.7
New Capital Investment ($ million)	14,025	15,300
(percentage change)	10.0	20.0
Housing Starts (units)	29,000	37,000
(percentage change)	-4.5	21.4
Retail Sales ($ million)	20,080	20,285
(percentage change)	8.0	9.0
Vancouver Consumer Price Index (1981 = 100)	143.9	144.3
(percentage change)	4.2	4.5
Labour Force (thousands)	1,541	1,575
(percentage change)	1.8	4.0
Employment (thousands)	1,392	1,426
(percentage change)	2.5	5.0
Unemployment Rate (per cent)	9.7	9.4

[1] Revised to reflect revision of 1988 data.

- Manufacturing shipments rose a moderate 3.3 per cent over the January to June period.
- Lumber production decreased 3.9 per cent when compared to the first half of 1988.
- The market for newsprint has weakened with the newsprint industry offering price discounts to buyers.
- Metal prices have begun to decline. In July, copper prices were down by 8.2 per cent from average 1988 prices. As of the first week of August, aluminum prices were 26.6 per cent lower than average 1988 levels, while gold prices had fallen 19.2 per cent.

The combination of lower commodity prices and a higher Canadian dollar has reduced the international competitiveness of British Columbia exports. However, the majority of provincial resource producers are better positioned to handle a downturn in commodity prices than in the past. Both the mining and forestry industries have extensively modernized and rationalized their operations over the past few years to increase efficiency and lower costs.

Additionally, the consumer and investment sectors continue to be a source of underlying economic strength. Even with higher interest rates, consumer spending and investment intentions are well above 1988 levels.

- Average retail sales in the first half of 1989 were 10.1 per cent higher than in 1988.
- Urban housing starts were 21.8 per cent above 1988 levels as of August.
- Statistics Canada's mid-year Private and Public Investment Intentions survey indicates that total capital investment is expected to increase 21.1 per cent in 1989.
- Average seasonally adjusted employment for the first eight months of 1989 was 4.9 per cent higher than in 1988. This represents the creation of 66,000 net new jobs.

The province's tourism industry is also enjoying a successful year with the number of international visitors up 1.0 per cent in the first half of 1989. The hotel occupancy rate is also higher, averaging 65.4 per cent in the first five months of 1989 compared to 59.3 per cent for the same period in 1988.

CHAPTER 2

Financial Review

For the second consecutive year, provincial government revenue showed significant growth due in large part to continuing strong economic performance in British Columbia. Total 1988/89 revenue was $12,186 million, an increase of 11.2 per cent from the previous year. Excess revenue totalling $592 million was transferred to the Budget Stabilization Fund. As a result, 1988/89 General Fund revenue was $11,594 million.

General Fund expenditure during 1988/89 was $11,923 million, an increase of 8.1 per cent from the previous year. Included in General Fund expenditure was a $79 million transfer of surplus lottery funds and a $77 million interest payment to the Budget Stabilization Fund.

Table 2.1 General Fund and Special Funds Summary of Operating Transactions

	Budget 1988/89	Preliminary Actual 1988/89	Actual 1987/88
		($ millions)	
General Fund:			
Total Revenue	11,564.0	12,185.8	10,957.9
Transfer to Budget Stabilization Fund	—	(591.9)	(717.4)
General Fund Revenue	11,564.0	11,593.9	10,240.5
Operating Expenditure	11,835.0	11,767.1[1]	11,005.9
Interest Payments to Budget Stabilization Fund	45.0	77.3	—
Lottery Funds Transferred to Budget Stabilization Fund	79.0	79.0	25.5
General Fund Expenditure	11,959.0	11,923.4	11,031.4
General Fund Surplus (Deficit)	(395.0)	(329.5)	(790.9)
Budget Stabilization Fund:			
Opening Balance	450.0	742.9	—
Transfer from General Fund Revenue	—	591.9	717.4
Interest Earnings	45.0	77.3	—
Lottery Funds Transferred from General Fund	79.0	79.0	25.5
Closing Balance	574.0	1,491.1	742.9
Privatization Benefits Fund:			
Opening Balance	—	—	—
Privatization Proceeds	—	308.5	—
Investment Income	—	12.9	—
Investment Income Transferred to General Fund	—	(12.9)	—
Closing Balance	—	308.5	—

[1] Includes a one-time accounting adjustment for recognition of grants paid in March for April social assistance claims of $31.4 million.

After the transfers and payments to the Budget Stabilization Fund, the 1988/89 General Fund deficit was $329 million, less than one-half of the deficit reported for the previous year.

The March 31, 1989 closing balance of the Budget Stabilization Fund was $1,491 million. The opening 1988/89 balance of $743 million was increased during the year by payments and transfers from the General Fund totalling $748 million.

The Privatization Benefits Fund had a March 31, 1989 closing balance of $309 million. During 1988/89, the Fund received $309 million from privatization transactions including $220 million from British Columbia Hydro and Power Authority's sale of its rail and mainland gas divisions, $43 million in dividends from the British Columbia Enterprise Corporation and $37 million from the sale and lease of highway maintenance assets. In addition, the Privatization Benefits Fund earned investment income totalling $13 million which was transferred to the General Fund.

Due to the favourable fiscal situation during 1988/89, General Fund and Special Fund cash receipts exceeded requirements by $959 million. These receipts were used to reduce government purpose debt by $97 million and increase the government's cash and temporary investments by $862 million.

General Fund Revenue

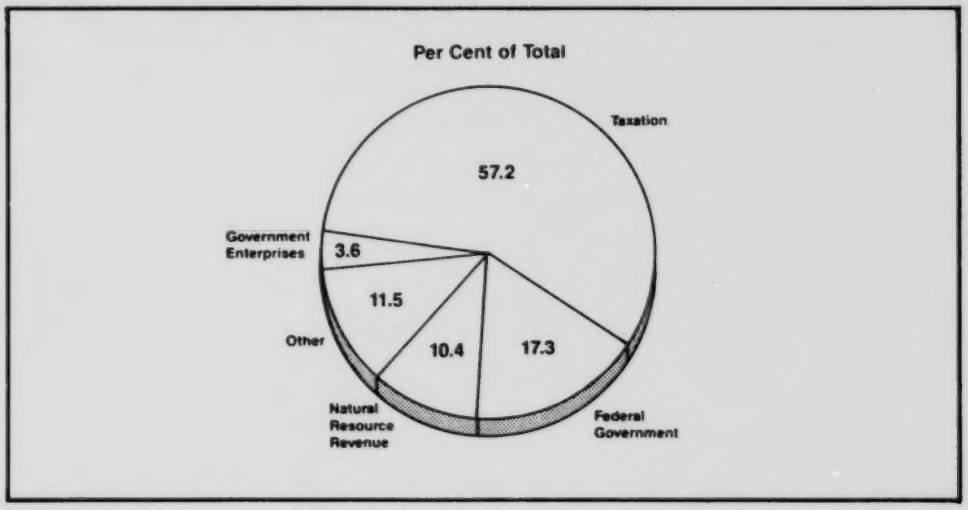
During 1988/89, 57 per cent of General Fund revenue was derived from taxation, 10 per cent from natural resources, four per cent from provincial government enterprises, 17 per cent from federal government transfers and 12 per cent from other sources, including fees, licences and investment income.

Table 2.2 General Fund and Special Funds Financing Summary

	Budget 1988/89	Preliminary Actual 1988/89	Actual 1987/88
		($ millions)	
Financial Requirements:			
General Fund surplus (deficit)	(395.0)	(329.5)	(790.9)
Budget Stabilization Fund increase	124.0	748.2	742.9
Privatization Benefits Fund increase	—	308.5	—
Net receipts (disbursements) from financing and working capital transactions	43.0	232.2	(160.4)
Total Financial Requirements	(228.0)	959.4	(208.4)
Financial Sources:			
Net borrowing (retirements) for government purposes	190.6	(97.5)	214.9
Decrease (increase) in cash and temporary investments	37.4	(861.9)	(6.5)
Total Financial Sources	228.0	(959.4)	208.4

Taxation revenue of $6,972 million was $382 million above the budget estimate and 12.6 per cent higher than during 1987/88. Personal and corporation income taxes are collected for the provincial government by the federal government and revenue is remitted to the province on the basis of federal government estimates. During 1988/89, personal income tax revenue was $211 million above budget and 7.4 per cent higher than during the previous year as a result of higher-than-expected personal incomes and an unusually large adjustment payment for prior years totalling $105 million. Corporation income tax revenue was $43 million above budget. The increase of 26.8 per cent from 1987/88 was the result of higher corporate profits and the base broadening impact of federal government tax reform.

Chart 2.1 Revenue by Source, 1988/89



Social service tax revenue was $60 million above budget and up 17.3 per cent from the previous year. Unexpectedly strong consumer and investment spending as well as tax rate increases for alcoholic beverages accounted for the strong growth in revenue. Fuel tax revenue was $39 million below budget due to lower-than-expected fuel prices. The 9.3 per cent increase from last year for school purpose business property taxes was primarily the result of tax rate increases which took effect on January 1, 1988.

Other taxation revenue was $116 million above budget and up 23.1 per cent from 1987/88. Property purchase tax revenue, up $87 million from budget, showed particularly strong growth from last year as a result of buoyant British Columbia real estate markets.

Natural resource revenue of $1,261 million was $51 million above budget and 3.1 per cent higher than during the previous year due to continuing strength in commodity markets. Petroleum and natural gas revenue was $35 million above budget and up 21.3 per cent from 1987/88 as a result of unexpectedly favourable receipts from bonus bids for oil and natural gas drilling rights. Minerals revenue and water rental receipts also showed strength during 1988/89. Forest revenue, however, was $11 million below budget and down 8.9 per cent from 1987/88 due to a decline in forest industry activity from the peak levels experienced in 1987.

Table 2.3 General Fund Revenue by Source

	Budget 1988/89	Preliminary Actual 1988/89	Actual 1987/88
		($ millions)	
Taxation Revenue:			
Personal income	2,784.0	2,995.3	2,790.0
Corporation income	557.0	600.3	473.4
Social service	1,657.0	1,716.7	1,463.1
Fuel	508.0	468.9	449.5
Property — business (school purpose)	500.0	491.0	449.3
Other	584.0	699.5	568.3
	6,590.0	6,971.7	6,193.6
Natural Resource Revenue:			
Petroleum and natural gas	205.0	240.2	198.1
Minerals	54.0	74.6	53.6
Forests	689.0	678.4	744.6
Water	250.0	255.5	215.0
Other	12.0	12.6	11.7
	1,210.0	1,261.3	1,223.0
Other Revenue:			
Fees and licenses	1,077.0	1,172.9	893.1
Investment Income	53.0	133.8	68.4
Miscellaneous	78.0	97.2	90.1
	1,208.0	1,403.9	1,051.6
Contributions from Government Enterprises:			
Liquor Distribution Branch	425.0	416.3	425.0
Other	23.0	22.7	44.8
	448.0	439.0	469.8
Contributions from the Federal Government:			
Established Programs Financing	1,297.0	1,230.2	1,215.3
Canada Assistance Plan	623.0	667.8	631.0
Other	188.0	211.9	173.6
	2,108.0	2,109.9	2,019.9
Total Revenue	11,564.0	12,185.8	10,957.9
Transfer (to) from Budget Stabilization Fund	—	(591.9)	(717.4)
General Fund Revenue	11,564.0	11,593.9	10,240.5

Other revenue of $1,404 million was $196 million above the original budget estimate and up sharply from the previous year. Particularly strong growth occurred for Medical Service Plan premiums due to rate increases as well as lottery revenues, motor vehicle licences and permits and investment income.

Contributions from government enterprises of $439 million were $9 million lower than budget and down 6.6 per cent from last year. Liquor Distribution Branch net income declined by $9 million to $416 million.

Contributions from the federal government of $2,110 million were slightly higher than budget and up 4.5 per cent from 1987/88. Established Programs Financing cash contributions were $67 million below budget and up only $15 million from last year due primarily to strong personal and corporation income tax collections, a portion of which are deducted when determining the federal government's cash contribution under the program. Canada Assistance Plan contributions were $45 million above budget as a result of higher-than-expected provincial government spending on cost-shared income assistance programs. Other federal contributions were $24 million over budget and up $38 million from last year, primarily as a result of a $34 million contribution associated with the proposed national park on South Moresby Island.

Overall, total revenue of $12,186 million was $622 million over the original budget estimate. After the $592 million transfer to the Budget Stabilization Fund, General Fund revenue for 1988/89 was $11,594 million or $1,353 million higher than General Fund revenue during 1987/88.

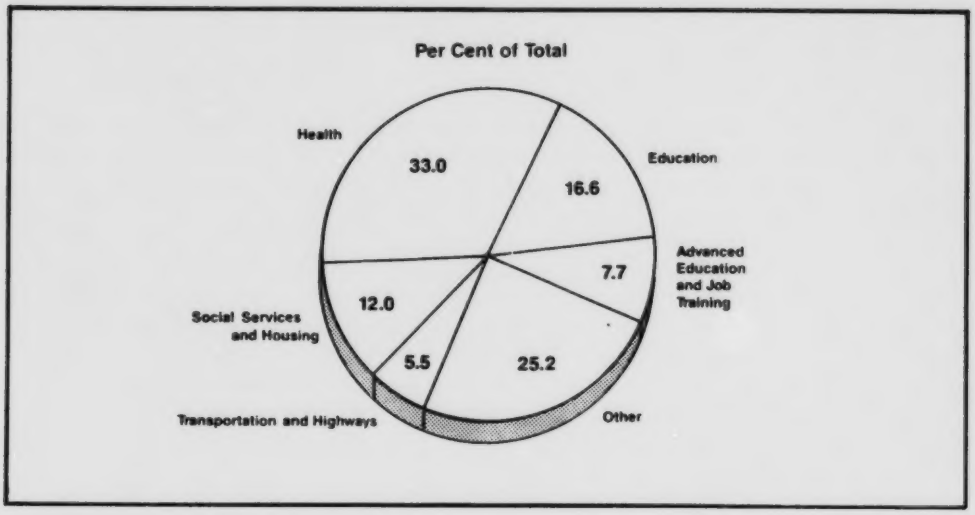
General Fund Expenditure

During 1988/89, five of the 25 government ministries and special offices accounted for almost three quarters of General Fund expenditure including the Ministry of Health (33 per cent), the Ministry of Education (17 per cent), the Ministry of Social Services and Housing (12 per cent), the Ministry of Advanced Education and Job Training (eight per cent), and the Ministry of Transportation and Highways (five per cent). An additional five per cent of General Fund expenditure pertained to public debt interest with the remaining 20 per cent of expenditure being made by other ministries or through other appropriations.

Ministry of Health expenditure of $3,930 million was $15 million over the original budget estimate and up $303 million or 8.3 per cent from the previous year. The major expenditure increases from last year were for hospital programs (up $159 million), Medical Services Plan (up $69 million), the Pharmacare program (up $28 million) and the Continuing Care program (up $34 million).

Ministry of Education expenditure of $1,979 million was $8 million over the budget estimate and up $153 million from the previous year. The increase from last year was primarily due to a $119 million increase in contributions to public school districts.

Chart 2.2 Expenditure by Ministry, 1988/89



Expenditure by the Ministry of Social Services and Housing during 1988/89 was $1,432 million, $39 million above the original budget estimate and $54 million above 1987/88 expenditure. The budget variance was due to $43 million in higher-than-expected GAIN program expenditures partially offset by savings in other ministry programs. Major expenditure increases from the previous year were for Direct Community Services programs (up $12 million), Residential and Support Services programs (up $14 million) and Opportunities to Independence programs (up $8 million).

Ministry of Advanced Education and Job Training expenditure of $914 million was $50 million above the original budget estimate and up $107 million from the previous year. The increase from the original budget estimate was due to increased operating contributions to universities (up $31 million) and colleges and institutes (up $39 million) partially offset by less-than-expected requirements for student financial assistance. Compared with 1987/88, operating contributions to universities increased $50 million, contributions to colleges were up $36 million while expenditures on student financial assistance increased by $15 million to over $43 million.

Expenditure by the Ministry of Transportation and Highways of $653 million was $30 million below budget and down $113 million from 1987/88. The decrease from the original budget estimate was primarily the result of less-than-expected expenditure on highway construction. Highway construction expenditure also showed a decrease from the previous year.

Table 2.4 General Fund Expenditure by Ministry[1]

	Budget 1988/89	Preliminary Actual 1988/89	Actual 1987/88
	($ millions)		
Legislation	16.6	15.9	15.7
Auditor General	5.2	5.0	4.5
Ombudsman	2.7	2.7	2.5
Office of the Premier and Executive Council Operations	3.4	3.0	3.2
Advanced Education and Job Training	863.5	913.5	807.0
Agriculture and Fisheries	91.1	90.1	65.2
Attorney General	199.2	204.8	190.8
Education	1,971.7	1,979.2	1,826.6
Energy Mines and Petroleum Resources	30.5	29.0	28.1
Finance and Corporate Relations	64.6	85.1	67.3
Forests	565.2	481.5	407.4
Government Management Services	58.4	58.6	101.1
Health	3,915.0	3,930.0	3,627.2
International Business and Immigration	29.2	28.0	22.4
Labour and Consumer Services	72.8	62.4	48.1
Municipal Affairs, Recreation and Culture	471.8	457.4	449.3
Regional Development and Ministry of State for Mainland/Southwest	59.0	57.9	50.9
Ministry of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	33.0	31.2	31.4
Ministry of State for Cariboo, Responsible for Environment	90.3	87.5	76.1
Ministry of State for Nechako and Northeast, Responsible for Native Affairs	4.1	3.0	4.0
Ministry of State for Vancouver Island/Coast and North Coast. Resposible for Parks	34.0	32.7	35.2
Social Services and Housing	1,393.0	1,432.1	1,378.3
Solicitor General	299.8	302.3	279.4
Tourism and Provincial Secretary	32.6	36.5	26.3
Transportation and Highways	682.5	652.8	766.0
Other Appropriations:			
Management of the Public Debt	650.0	611.9	525.3
Contingencies	50.0	22.0	50.1
New Programs	90.0	60.8	—
Crown Land	20.0	28.2	21.9
Lottery Fund Special Account	159.5	164.4	120.1
Other[2]	0.3	53.9	—
General Fund Expenditure	11,959.0	11,923.4	11,031.4

[1] Expenditure figures for 1987/88 and budget figures for 1988/89 have been re-stated to reflect the government structure as of March 31, 1989.
[2] Includes valuation adjustments and accounting adjustments.

FISCAL OUTLOOK 1989/90

On March 30, 1989, the government presented its 1989/90 fiscal plan in the form of the Budget Speech delivered to the legislative assembly by the Minister of Finance and Corporate Relations.

A summary of the fiscal plan is shown in the following table.

FISCAL PLAN 1989/90

General Fund	1988/89 Preliminary Actual	1989/90 Estimate
	($ millions)	
Total Revenue	12,186	12,987
Transfer (to) from Budget Stabilization Fund	(592)	500
General Fund Revenue	11,594	13,487
General Fund Expenditure	11,923	13,487
General Fund Surplus (Deficit)	(329)	—

1989/90 General Fund Revenue

Total revenue for 1989/90 is estimated at $12,987 million, an increase of $801 million or 6.6 per cent from 1988/89.

- Taxation revenue is estimated to total $7,633 million during 1989/90, an increase of $661 million from 1988/89. Personal and corporation income tax revenues are expected to increase by $220 million and $144 million respectively with other significant revenue increases for social service tax (up $135 million) and fuel taxes (up $45 million).
- Natural resource revenue, estimated at $1,209 million during 1989/90, is expected to decline slightly from 1988/89 due to some slowdown in resource sector economic activity from the peak levels experienced during 1987 and 1988.
- Other revenue, estimated at $1,426 million during 1989/90 is estimated to show a slight increase from preliminary actual revenue for 1988/89. Increases in fees and licence revenue are expected to be partially offset by lower investment income.
- Contributions from government enterprises of $542 million are estimated to increase by $103 million during 1989/90. A $102 million dividend from British Columbia Hydro and Power Authority accounts for almost the entire increase.
- Contributions from the federal government estimated at $2,177 million are expected to increase by $67 million during 1989/90. Increased contributions from Established Programs Financing and the Canada Assistance Plan are expected to be partially offset by reductions in other federal government transfers.

During 1989/90, a transfer of $500 million will be made from the Budget Stabilization Fund to the General Fund. General Fund revenue will therefore total $13,487 million.

1989/90 General Fund Expenditure

General Fund expenditure for 1989/90 is estimated at $13,487 million, an increase of $1,564 million from the preliminary actual results of 1988/89.

- Ministry of Health spending is estimated to increase by $379 million. Significant expenditure increases are expected for hospital programs, the Medical Service Plan and continuing care services.
- Ministry of Education expenditure, estimated at $2,224 million, shows an increase of $245 million. Operating and debt service contributions to school districts account for the majority of the increased expenditures. Homeowner grant payments are also expected to increase sharply as a result of the increase in grant levels announced in the budget.
- Ministry of Transportation and Highways expenditure for 1989/90 is estimated at $1,016 million, an increase of $363 million from 1988/89. Significantly increased spending on highway capital construction accounts for the majority of the expenditure increase.
- Ministry of Social Services and Housing expenditure is estimated to increase by $178 million to $1,610 million as a result of a number of program enhancements.

1989/90 Financial Requirements

Due to the matching of revenue and expenditure, the General Fund is expected to be in balance during 1989/90. Financial requirements which are expected to total $54 million, will be fully met from cash and temporary investment balances. In addition, gross borrowing for government purposes is expected to be more than offset by debt retirements, resulting in a $250 million decline in government debt by year end.

Revised Fiscal Outlook

On August 17, 1989 the first *Quarterly Financial Report* for the 1989/90 fiscal year was released by the provincial government.

Revenue for the first quarter of the fiscal year was on target. Although natural resource revenue was weaker than expected, this was more than offset by strength in other revenue sources including social service tax and personal income tax. Therefore, it appears that the full year 1989/90 General Fund revenue target of $13,487 million will be achieved.

General Fund expenditure for the first quarter also was on target. Although the expenditure budget is facing pressures due to the impact of contract settlements in the health care sector, it is expected that these pressures will be offset by savings in other areas. Therefore, it is expected that the full year 1989/90 expenditure target of $13,487 million and a balanced budget will be achieved.

Ministry of Finance and Corporate Relations expenditure of $85 million was $21 million over the original budget estimate and $18 million above expenditure for the previous year. The budget variance and the increase from last year are the result of certain provisions and writedowns of $20 million relating to operations transferred to the ministry from the British Columbia Enterprise Corporation.

Public debt interest payments of $612 million were $38 million below the original budget estimate as a result of less-than-expected borrowing during 1988/89. Included in General Fund debt interest is $77 million in General Fund interest payments to the Budget Stabilization Fund. Interest paid to external parties of $535 million during 1988/89 was only up $10 million from the previous year.

Overall, 1988/89 General Fund expenditure of $11,923 million was $36 million less than budget and up $892 million from 1987/88.

Provincial Government Net Equity (Net Deficiency)

During 1988/89, the General Fund deficit of $329 million was more than offset by increased balances in the Budget Stablization Fund and the Privatization Benefits Fund. As a result the net deficiency (excess of financial liabilities over financial assets) of the combined General Fund and Special Funds declined from $3,761 million at March 31, 1988 to $3,033 million at March 31, 1989.

Table 2.5 Net Equity of General Fund and Special Funds

	Budget 1988/89	Preliminary Actual 1988/89	Actual 1987/88
		($ millions)	
General Fund	(4,907.5)	(4,832.9)	(4,503.4)
Budget Stabilization Fund	574.0	1,491.1	742.9
Privatization Benefits Fund	—	308.5	—
	(4,333.5)	(3,033.3)	(3,760.5)

Government Debt

The provincial government issues public debt as needed, to finance government operations. At March 31, 1989, provincial government purpose debt was $4,919 million, a $97 million decrease from the previous year. On a per capita basis, this compares favourably with government purpose debt of other Canadian provinces.

Guaranteed Debt and Fiscal Agency Debt

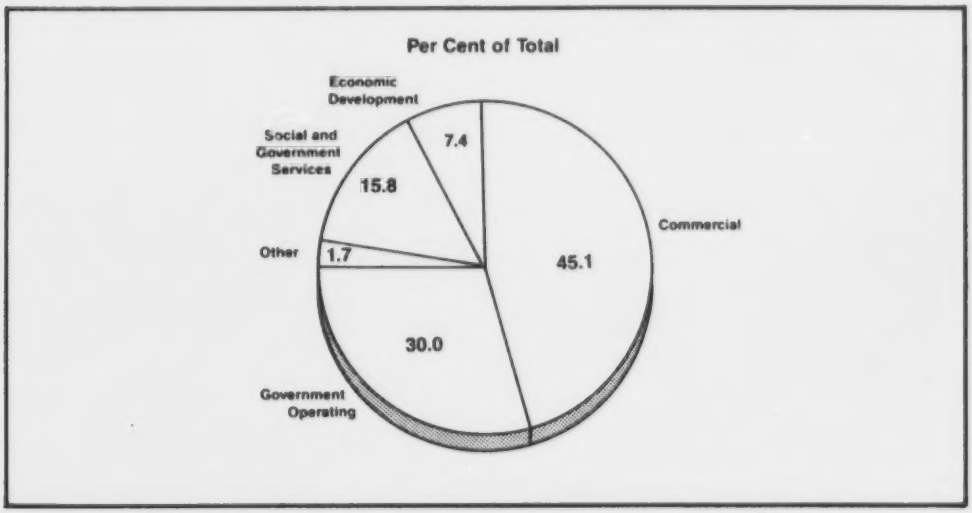
The size and complexity of provincial government and Crown corporation financing activities require a borrowing program that is carefully structured and coordinated to ensure the most favourable terms in financial markets.

Prior to 1983, most capital expenditure by Crown corporations and agencies was financed through debt issued by individual Crown corporations and guaranteed by the provincial government with respect to principal, premium if any, and interest payments. In 1983, the government implemented a fiscal agency

program of direct borrowing for re-lending to Crown corporations. This program provides lower cost financing to Crown corporations because of the government's strong credit rating and reputation in financial markets, and because a single borrower offering larger debt issues typically is able to borrow at lower rates. Since 1983 the majority of Crown corporation borrowing has been done through the fiscal agency program.

At March 31, 1989, total guaranteed and fiscal agency debt was $11,491 million, a decrease of $458 million from the previous year. Fiscal agency debt totalled $3,813 million, while guaranteed debt totalled $7,678 million.

Chart 2.3 Direct and Guaranteed Debt at March 31, 1989



There are four categories of Crown corporations and agencies that have received provincial government loan guarantees and fiscal agency loans. Commercial Crown corporations, which include British Columbia Enterprise Corporation, British Columbia Hydro and Power Authority and British Columbia Railway Company, generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. At March 31, 1989, commercial Crown corporations had net guaranteed debt and fiscal agency debt of $7.4 billion, or 45 per cent of total government and Crown corporation debt. British Columbia Hydro and Power Authority is the major borrower in this category.

Economic development Crown corporations include British Columbia Ferry Corporation and British Columbia Transit Authority. These corporations are generally operated as commercial Crown corporations. They may, however, undertake projects which provide economic benefits to the province but which do

not generate a sufficient financial return to service debt. In these cases, the provincial government may provide grants or other forms of assistance. As well, to foster economic development in British Columbia, the government guarantees certain loans to private sector entities. At March 31, 1989, economic development debt and guarantees were $1.2 billion, or 7 per cent of total government and Crown corporation debt.

Social and government services debt has been used to fund social and government service capital projects. Financing authorities, which provide funds for the construction of hospitals, schools and post-secondary education institutions comprise the largest component in this category. Capital expenditure financed through these authorities is generally amortized over a period of 20 years.

Debt service requirements are met through provincial grants or rental payments and, for schools and hospitals, partly from local property tax levies. At March 31, 1989, guaranteed debt and fiscal agency loans outstanding in respect of social and government service capital projects was $2.6 billion or 16 per cent of total government and Crown corporation debt.

Other debt includes guaranteed and fiscal agency debt of entities which are not provincial government bodies. The provincial government has assisted these entities, which include the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District and B.C. Gas Inc., to obtain lower cost financing through the use of provincial guarantees and the province's fiscal agency debt program.

At March 31, 1989, guaranteed debt and fiscal agency loans in respect of these bodies was $280 million or approximately 2 per cent of total government direct, guaranteed and fiscal agency debt.

Debt Servicing

Interest payments to external parties on government purpose debt were $535 million in 1988/89. The government also provides grants for the servicing of debt by certain non-commercial Crown corporations and agencies. During 1988/89 the provincial government contributed $315 million to health and education institutions and $39 million to British Columbia Transit for debt servicing purposes.

Sinking Funds

Sinking funds are currently established to ensure the orderly repayment of long-term debt with terms of five years or more. In recent years, the value of some of the sinking funds has reached or exceeded the amount required for the repayment of the corresponding debt issue in advance of the repayment date. In these cases, under legislative amendments enacted in 1981, payments into the sinking funds can be discontinued if certain conditions are met. At March 31, 1989, gross sinking fund balances, with certified sinking funds recorded at par value, totalled approximately $4 billion for guaranteed debt, fiscal agency debt and provincial government direct debt.

Credit Rating

During 1989, the four major credit rating agencies increased the provincial government's credit rating. Canadian Bond Rating Service, a Canadian credit rating agency, has increased its rating of the direct and guaranteed debt of the provincial government from AA to AA+. Dominion Bond Rating Service, another Canadian rating agency, upgraded the provincial government's long-term debt from AA (low) to AA and rates provincial government short-term obligations at R-1 (middle). Standard and Poor's Corporation, a major United States credit rating agency, upgraded British Columbia Hydro and Power Authority's long-term debt and provincial government debt obligations from AA to AA+. Moody's Investors Service, another major United States rating agency, increased the rating of British Columbia Hydro and Power Authority and the provincial government from Aa2 to Aa1. These same United States agencies have rated the provincial government's United States commercial paper at the highest levels of P1 and A1+, respectively.

Changes in Crown Corporation Debt 1988/89

During 1988/89, British Columbia Crown corporations reduced debt by $458 million.

- British Columbia Hydro and Power Authority reduced its debt by $623 million and undertook a significant debt restructuring.
- British Columbia Enterprise Corporation reduced its debt by $129 million.
- British Columbia Buildings Corporation had net borrowing of $34 million.
- British Columbia Transit had net borrowing of $32 million.
- Net borrowing for education and hospital capital projects was $96 million.

In addition, the provincial government guaranteed a $150 million bond issue for B.C. Gas Inc. as part of the privatization of the Mainland Gas Division of British Columbia Hydro and Power Authority.

Trust Funds

Trust Funds are administered by the government for external parties, but are not part of the provincial government's General Fund or Special Funds. At March 31, 1989, trust funds under administration totalled $18.2 billion.

- Superannuation, pension and long-term disability funds established for public sector employees totalled $10.5 billion at March 31, 1989.
- Sinking funds established by the government, Crown corporations and other public bodies provide for the orderly retirement of maturing long-term debt. At March 31, 1989, these funds totalled $3.9 billion.
- Investment funds of the Workers' Compensation Board totalled $2.9 billion at March 31, 1989.
- Investment funds of Crown corporations, including working capital surplus to their immediate needs and funds for capital transactions, totalled $440 million at March 31, 1989.
- Public Trustee and Official Administrators are responsible for the recording, managing and reporting aspects of accounts maintained under the *Infants Act*, *Patients Property Act*, *Estate Administration Act*, *Public Trustee Act* and *Trustee Act*. At March 31, 1989, these funds totalled $278 million.

- Other trust funds, including Supreme and County Court suitors' funds, totalled $144 million at March 31, 1989.

Although the provincial government has no power of appropriation over trust funds, the cash and investments of the funds are managed by the Ministry of Finance and Corporate Relations. Most trust funds are currently invested in both short-term money market securities and long-term government bonds. The asset mix is continually adjusted to take advantage of the expected direction of interest rates. The current asset mix strategy calls for a 30/70 short-term/long-term allocation.

Trust funds may purchase investments permitted under the *Trustee Act* and the *Financial Administration Act*. The government is currently undertaking an investment diversification initiative which will result in some trust funds diversifying into a wider range of asset classes including equities, real estate, mortgages and foreign securities.

CHAPTER 3

The Province and its People

3. The Province and Its People

Physical Attributes

Geography

British Columbia, located on Canada's Pacific coast, has a land and freshwater area of 95 million hectares. It is Canada's third largest province and comprises 9.5 per cent of the country's total land area. The province is nearly four times the size of Great Britain, is 2.5 times larger than Japan, and larger than any American state except Alaska.

British Columbia's 7,022 kilometre coastline supports a large shipping industry through ice-free, deep-water ports. The province has about 54 million hectares of arable land, 7.4 million hectares of grazing land and 3.6 million hectares of lakes and rivers.

Physiography

British Columbia is characterized by mountainous topography, but also has substantial areas of lowland and plateau country. The province has three basic regions; a northwesterly trending mountain system on the west, a similar mountain system on the east, and an extensive area of plateau and mountain country between the two. The northeastern corner of the province is lowland — a segment of the continent's Great Interior Plains.

The western system of mountains averages about 300 kilometres in width and extends along the entire British Columbia coast and the Alaska panhandle. The Coast Mountains contain the tallest peaks in the province. The western system includes the insular mountains that form the basis of Vancouver Island and the Queen Charlotte Islands. These islands help to shelter the waters off the coast of British Columbia, which form an important transportation route for people and products.

The interior of British Columbia is a plateau of rolling forest and grassland, 600 to 1,200 metres in average elevation. North of Burns Lake the interior becomes mountainous, but plateau terrain returns just south of the Yukon boundary in the area drained by the Liard River. The southern interior's water system is dominated by the Fraser River, which has a drainage area covering about one-quarter of the province. The Rocky Mountains, in the eastern mountain system, rise abruptly on the southern Alberta–British Columbia boundary, cut by passes that provide dramatic overland transportation routes into the province. The Rocky Mountain Trench lies immediately to the west of the rockies. This extensive valley — the longest in North America — is a geological fault zone separating different earth plates. It is the source of many of British Columbia's major rivers, including the Peace, Columbia and Fraser.

Climate and Vegetation

Coastal British Columbia has abundant rainfall and mild temperatures associated with a maritime climate. The Pacific coast has an average annual rainfall between 155 and 440 centimetres, while the more sheltered coasts of Vancouver Island and the mainland along the Strait of Georgia average between 65 and 150 centimetres. Canada's longest frost-free periods of over 180 days per year are enjoyed along the edges of the coastal zone and far inland along the Fraser River valley. Temperatures fall quickly up the steep slopes of the Coast Mountains. The predominant trees in this coastal region are the western hemlock, western red cedar and balsam (amabilis fir) in the wetter parts, and Douglas fir and grand fir in the drier areas.

The interior region of British Columbia has a mainly continental type of climate, although not as rigorous as that of the Canadian prairies. Considerable variation in climate occurs, especially in winter, as Pacific storms bring relief from cold spells. The southern interior has the driest and warmest climate of the province. In the valleys, annual precipitation ranges from less than 30 centimetres to 50 centimetres, while daily temperatures can average over 20 degrees Celsius in July and just under freezing in January. The climate becomes more extreme further north, along with increased precipitation. The frost-free period here is short and unreliable. Lodgepole pine is the dominant tree of commercial value in the interior.

The northeast region of the province is a northern extension of the western prairie region of Alberta. It has a continental climate that is more extreme than that of the northern interior region. However, it does have long hot summers and a frost-free period long enough to grow grain, forage and other crops.

Geology

British Columbia has widespread mineral deposits. Copper is found along the coast and often occurs with molybdenum, iron and tungsten in the interior. The southeast has lead/zinc deposits, sometimes occurring with silver. Gold is found in several regions.

The northeast has oil and gas deposits east of the Rocky Mountains. Although no commercial discoveries of petroleum have been made west of the rockies, exploratory drilling has been done in the interior, the Fraser delta and on the continental shelf.

The northeastern and southeastern regions of the province and the east coast of Vancouver Island have extensive coal reserves.

Economic History

Prior to European settlement, British Columbia was populated by native peoples, predominantly on the coast and along the lower reaches of major salmon rivers. Their economy was based on hunting, gathering and harvesting an abundant supply of animal and plant life. This economy supported a vigorous and complex culture.

European contact began in 1774 when a Spanish sailing ship commanded by Juan Perez anchored south of Nootka Sound. An extended visit by Captain James Cook to Nootka Sound in 1778 established Britain's interest in the region. The visit set the stage for the fur trade which flourished until the middle of the 19th century. Captain John Meares established a trading post at Nootka in 1877, loading a vessel with furs and wooden spars for shipment to China. This represented the first reported trade in timber from British Columbia.

Fur traders of the North West Company explored the interior of the province; Alexander Mackenzie, Simon Fraser, and David Thompson each explored different routes from British North America to the sea. Alexander Mackenzie reached the Pacific Ocean near Bella Coola in 1793. Simon Fraser founded Fort St. James on Stuart Lake and Fort George at the confluence of the Nechako and Fraser Rivers in 1806 and 1807, respectively. Both were established in the name of the North West Company.

The North West Company and the Hudson's Bay Company amalgamated in 1821. In 1843 the Hudson's Bay Company established Fort Victoria as its western depot, in anticipation of the loss of its then current western depot at Vancouver, Washington. In 1846 the Oregon Treaty established the United States–British Columbia border at the 49th parallel, two hundred miles to the north of the lower Columbia River. The Hudson's Bay Company established the first mechanized sawmill in British Columbia near Victoria in 1848.

The discovery of gold in the Fraser River in 1858 attracted thousands of people to the area, and Victoria, as the supply centre, was suddenly transformed from a trading post to a city. New Westminster, Hope, and Yale also came into prominence as a result of the gold rush. However, the brief economic boom during the gold rush years did not provide a firm base for continued rapid growth.

Transportation

The lack of immigrants, capital, and a large domestic market made the prospect of a rail link to eastern Canada attractive to British Columbia residents. In 1871, with the Dominion government's promise of an all-Canadian railway to the Pacific coast, British Columbia joined Confederation.

Completion of the Panama Canal in 1914 opened new markets in Europe, giving further impetus to the establishment and expansion of the forest industry, food processing and mineral smelting. Expansion of the province's ports facilitated the shipment of Prairie grain.

World War II gave a boost to the British Columbia economy as the war increased demand for the province's base metals and forest products. Construction of the Alaska Highway during the war and later track extensions, modernization of equipment, and improved services of the Pacific Great Eastern Railway (now British Columbia Railway) proved of great benefit in opening up the northern and central areas of the province.

Forest Products

Major utilization of forest resources started after the completion of the Canadian Pacific Railway in 1886 and expanded in accordance with market conditions as transportation systems improved. Pulp production began in 1909 while Fraser Mills, near New Westminster, began producing plywood in 1913. Coastal sawmills exported lumber to world markets while interior sawmills found their first important market in the Prairie settlement boom prior to World War I.

Pulp and paper mills, producing sulphite pulp and newsprint, were built at sites offering abundant water, energy and wood supplies. The rapid expansion of demand for paper products, associated with changed packaging techniques in the postwar period, shifted the emphasis to "kraft" or sulphate pulp.

Since its early beginnings, new technology in the forest industry has enabled greater utilization of the province's forest resources and increased the industry's efficiency and productivity.

Mining and Mineral Fuels

Mining activity began with the working of Vancouver Island coal deposits in the 1840s but placer gold attracted the most attention in this early period. Production of lode gold and copper overshadowed other minerals until the 1920s when the huge Sullivan lead-zinc mine at Kimberley came into full production. In the 1960s the emphasis again shifted to copper as new markets and technology permitted the development of large, low-grade, open-pit mines. Commercial production of gas and oil in the Peace River area began with completion of the main gas and oil pipe-lines in 1957 and 1961, respectively. The coal mining industry was reactivated in the late 1960s when Japanese steelmakers began purchasing large quantities of coking coal from British Columbia mines. Coal production increased dramatically in 1984 with the opening of northeast coal mines.

Fishing

The fishing industry has also been important throughout the economic history of the province. Salmon canning began in 1870 on the Fraser River, spreading quickly northwards. Canning made possible the export of salmon to distant markets. Some canning activity was displaced in the 1960s and 1970s by the development of freezing technology. This development led to operations becoming more centralized in Vancouver and Prince Rupert. The 1970s also saw the development of a major roe herring fishery in the province's coastal waters and, in the 1980s, the emergence of fish farming.

Agriculture

Fur traders introduced agriculture to British Columbia in the first quarter of the nineteenth century in order to reduce their dependence on distant and costly sources of foodstuffs. Grain, vegetables and fruit crops were grown and dairy cattle and horses were kept at many trading outposts. Demand for agricultural products increased considerably with the influx of goldseekers. Commercial farming and interior cattle ranching began during the mining booms. Activity expanded with the settlement of lands opened by the coming of the railways. Irrigation schemes in the Okanagan and Kootenays and land reclamation programs in the Lower Fraser Valley and at Creston provided rich new productive capacity. Grain and seed crops began to be cultivated in the Peace River region after the turn of the century.

Manufacturing

Manufacturing in British Columbia has historically been resource-based, predominated by the production of wood and paper products. However, the emergence of other manufacturing activities, particularly in the 1980s, provided greater diversification to the province's manufacturing sector. For example, British Columbia is now an important manufacturer of electronic products, communications equipment, plastics and clothing.

Tourism

Tourism emerged in the post-war period as one of the province's leading economic sectors. Rising income levels, more leisure time and improved transportation systems have resulted in a rising trend in provincial tourism activity in recent years. Tourism activity was given a further boost by Expo 86, the international exposition held in Vancouver, which recorded over 22 million visits and gave British Columbia world-wide exposure. Both Vancouver and Victoria boast world-class convention centres. In addition, considerable tourism-related development has taken place in recent years at Whistler, the international ski resort 124 kilometres north of Vancouver.

Recent developments in the province's industrial sectors are outlined in Chapter 4.

Population

The population of British Columbia on June 1, 1988 was estimated at 2,983,800 persons, an increase of 2.0 per cent from June 1, 1987. This was the highest percentage increase in population of any Canadian province over this twelve-month period. See Appendix Table A3.1 for municipal population estimates.

Historically, British Columbia has experienced population growth well above the national average. The province's population grew at an annual average rate of 1.6 per cent between 1978 and 1988, compared to a 1.0 per cent annual average rate for Canada. As a result, the province's share of national population increased from 10.8 per cent in 1978 to 11.5 per cent in 1988.

Components of Population Change

Population change can be divided into two components: migration, which encompasses both the movement of people to and from the province, and natural increase which is the net of births minus deaths. Migration has always been an important factor in British Columbia's population growth. Of the people currently living in British Columbia, slightly less than half were born here, 30 per cent migrated from elsewhere in Canada, and the remainder migrated from other countries. British Columbia is the only province where a majority of its citizens were not born within its boundaries.

Over the past ten years, net migration has accounted for 55 per cent of the province's population growth, with natural increase contributing the remaining 45 per cent. As shown in Chart 3.1, there have been significant variations in the relative importance of the two components of population change. For example, during the period of slower economic growth between 1982 and 1986, net migration to the province was low while the natural increase remained relatively unaffected by economic conditions.

MIGRATION TO BRITISH COLUMBIA

Migrants to British Columbia have always been important to the province's development. Over half of the province's current population has come from other jurisdictions — the highest proportion of any Canadian province.

General Pattern

Economic factors have an influence on the number of people that move to British Columbia. Although many migrants enter British Columbia solely because of its attractive scenery, climate and amenities, many others move to the province to seek employment and to take advantage of business opportunities. As a result, the province tends to attract relatively large numbers of migrants during periods of strong economic growth and experience relatively small inflows when economic activity is slowing.

Migration statistics since 1978 show this pattern. Between 1978 and 1982, when the province's economy was growing strongly, total in-migration averaged almost 89,000 persons per census year. During the period of slower economic growth between 1983 and 1986, however, the province had migration inflows averaging less than 57,000 persons per census year. In 1987 and 1988, when the provincial economy once again grew at a rapid rate, in-migration rebounded to 82,031 and 97,375 persons, respectively.

Age Distribution

Seniors (aged 65 and over) are a small but relatively stable proportion of total in-migrants because the province's mild climate and favourable living conditions make it a popular place for retirement. In 1988, 6.3 per cent of the province's migrants were 65 years of age or older.

Age Distribution of Migrants to British Columbia

Age Group	1978–82	1983–86	1987	1988
	(census year averages[1])			
0–14	18,643	10,240	15,436	18,740
15–24	24,146	14,010	18,443	21,421
25–44	30,702	20,986	31,656	37,877
44–64	10,824	7,954	11,134	13,210
65+	4,353	3,629	5,362	6,127
Total	88,668	56,819	82,031	97,375

[1] Source: Statistics Canada data for the census year ending June 1.

Because most seniors are no longer seeking employment, the year-to-year pattern of in-migration of this age group is not as affected by economic conditions as it is for younger age groups.

People in the younger age groups are generally more concerned about employment prospects. In-migration of persons 25 to 44 years old, for example, averaged 21,000 during the 1983 to 1986 period when employment conditions were less favourable, but rose to 31,656 in 1987 and 37,877 in 1988 when economic activity and employment growth increased. In-migration patterns of persons 15 to 24 and 45 to 64 years of age show a similar pattern.

Origin of Migrants

The proximity of the prairie provinces and the corresponding lower moving costs results in that region providing the largest proportion of British Columbia's immigrants. In 1988, half of British Columbia's immigrants were from the prairie provinces.

Source of Migrants to British Columbia

Origin	1978–82	1983–86	1987	1988
	(census year averages)			
Canadian Region:				
Prairies[1]	39,674	27,554	45,026	50,141
Ontario	20,457	10,218	15,824	19,663
Quebec	5,034	2,463	2,798	3,861
Atlantic	4,842	2,778	3,539	3,971
International	18,661	13,806	14,844	19,739
Total	88,668	56,819	82,031	97,375

[1] Includes a small number of in-migrants from the Yukon and Northwest Territories.

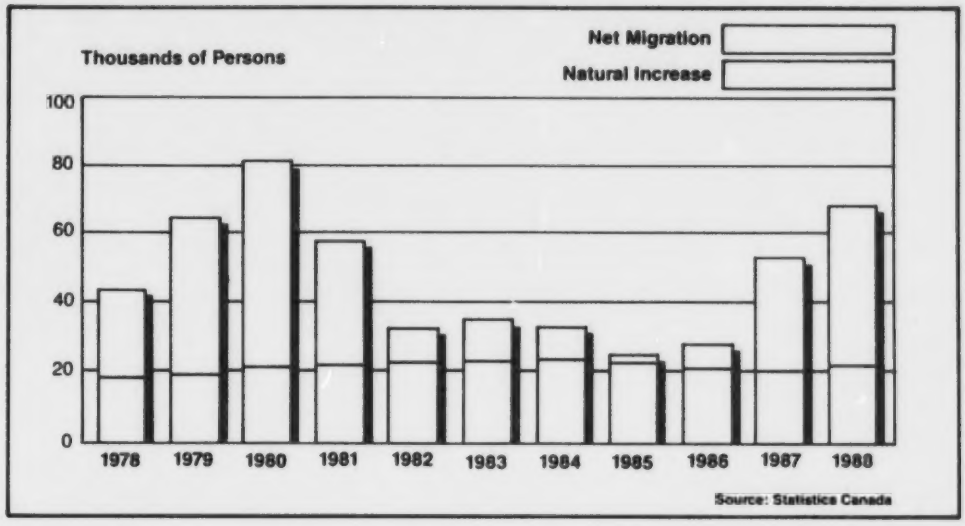
Ontario, with its relatively large population, is also an important source of migrants. In 1988, Ontario accounted for 20 per cent of total in-migration to the province. Quebec, on the other hand, traditionally accounts for a small number of in-migrants due partly to language differences. Large moving costs is one reason the Atlantic region makes a relatively small contribution to the total inflow of migrants.

International immigrants make up a significant proportion of total in-migration to the province. In 1988, 20 per cent of British Columbia's in-migrants were from other countries. Generally, only Ontario takes in more international immigrants to Canada. British Columbia is attractive to foreign immigrants because of its high standard of living and cosmopolitan lifestyle.

The composition of British Columbia immigration by origin also reflects relative economic conditions. When British Columbia experiences stronger economic growth relative to other Canadian provinces, more people immigrate to the province from other parts of the country to find jobs. Similarly, foreign immigrants choose to settle in the province when British Columbia offers more employment opportunities relative to the rest of Canada.

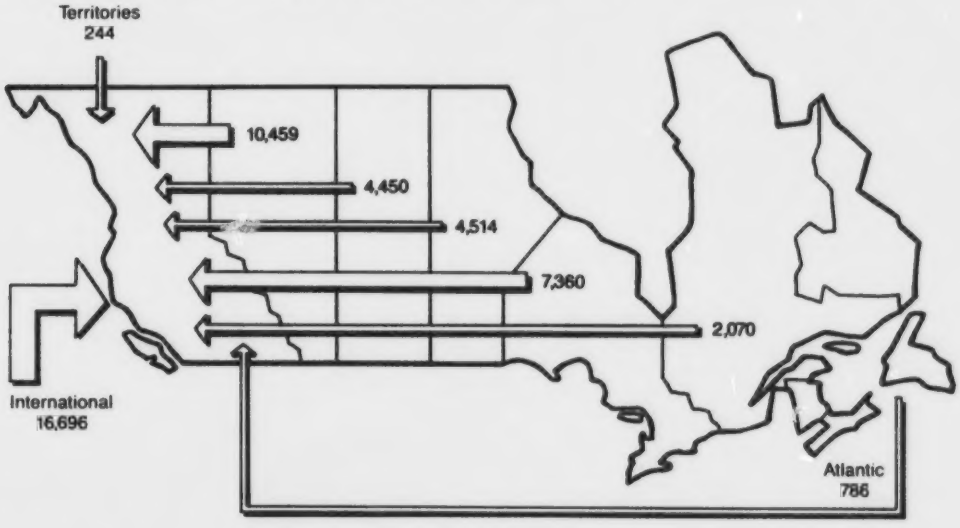
This inflow of migrants has a direct impact on the provincial economy and the labour market. A net inflow of migrants increases demand for housing and consumer goods. In addition, the inflow of working age migrants adds to the provincial labour force and raises the long-run productive capacity of the economy. However, in the short run the increase in the labour force limits the decline in British Columbia's unemployment rate, even when employment growth is strong.

Chart 3.1 Components of British Columbia Population Change



Currently, migration to British Columbia is high relative to that experienced through much of the 1980s. During 1988, strong net inflows of population were recorded from all areas of Canada, particularly Alberta and Ontario (see Map 3.1). In addition to those arriving in British Columbia from other provinces, approximately 16,700 entered from other countries, bringing the net inflow of migrants to the province to 46,600 in 1988.

Map 3.1 Net Population Movement (Calendar Year 1988)



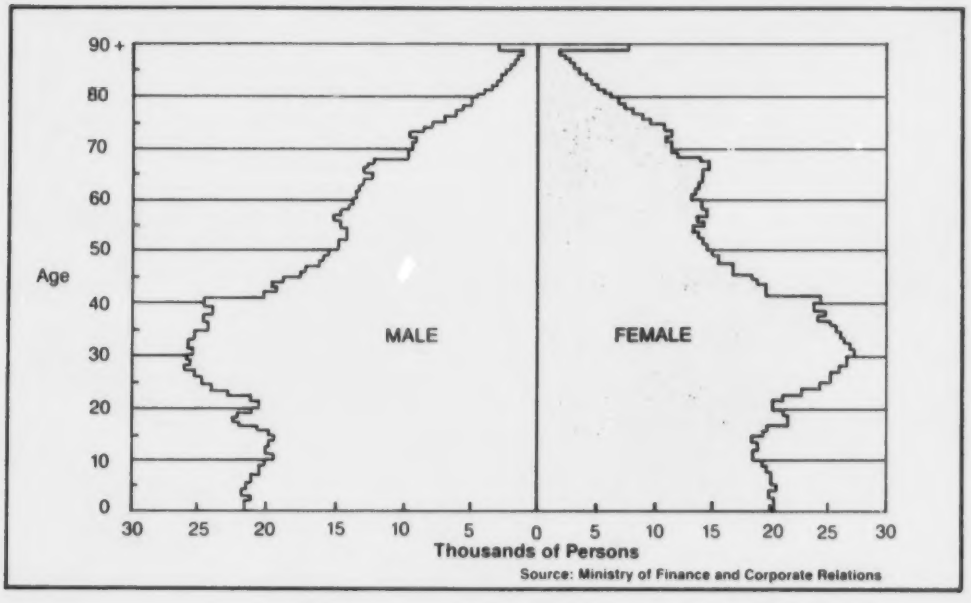
Note: Net population movement represents total inflow less total outflow

Source: Statistics Canada

Age Structure of the Population

Changes in birth rates have had an important impact on the age structure of the British Columbia population. Much of the variation in the size of each age group is attributable to the effects of the post war baby-boom and the subsequent drop in birth rates.

Chart 3.2 British Columbia Population by Age and Sex, 1988



The effects of the baby-boom can be clearly seen as the bulge in population between the ages of 20 to 40. In 1988, 34 per cent of the provincial population was in this age group, compared to only 28 per cent in 1960. In the future, as the baby-boom generation ages, significant increases in the consumption of products and services demanded by an older population can be expected.

In British Columbia, as in the rest of Canada, the average age of the population has risen steadily since the 1960s. Over the last 10 years, the number of British Columbians of school age (5 to 19 years) has declined by 39,000. By contrast, British Columbians aged 65 and older increased by 120,000 over the same period and now account for 12.8 per cent of the total population (see Table 3.1). The median age of British Columbia's population is now 33.9 years compared to 29.9 years in 1978.

Table 3.1 British Columbia Population by Age Group

Age Group at June 1,	1978		1988		Change 1978–88
	(000)	(per cent)	(000)	(per cent)	(per cent)
0–4	176	6.9	209	7.0	18.8
5–19	645	25.4	606	20.3	–6.0
20–44	952	37.5	1,195	40.0	25.5
45–64	508	20.0	593	19.9	16.7
65 and over	261	10.3	381	12.8	46.0
Total[1]	2,542	100.0	2,984	100.0	17.4

[1] Totals may not add due to rounding.
Source: Statistics Canada.

Regional Population Growth

During the past 10 years there has been a significant change in regional population growth patterns within the province (see Table 3.2). Prior to the 1981-82 recession, all of the province's regions showed population growth. However, most areas outside the Lower Mainland and Vancouver Island recorded population declines between 1983 and 1988. The Lower Mainland, on the other hand, has continued to show relatively strong population growth.

Table 3.2 British Columbia Population by Development Region (June 1)

Development Region	1978	1983	1988	Change 1978–1983	Change 1983–1988
	(thousands)			(per cent)	
Vancouver Island/Coast	478.9	528.6	555.1	10.4	5.0
Lower Mainland/Southwest	1,340.3	1,480.7	1,651.1	10.5	11.5
Thompson/Okanagan	309.4	345.7	348.8	11.7	0.9
Kootenay	129.9	140.7	126.9	8.3	–9.8
Cariboo	140.0	152.8	146.1	9.1	–4.4
North Coast	61.1	67.1	62.6	9.8	–6.7
Nechako	36.2	41.5	38.8	14.6	–6.5
Northeast	46.5	56.6	54.6	21.7	–3.5
British Columbia[1]	2,542.3	2,813.8	2,984.0	10.7	6.0

[1] Totals may not add due to rounding.
Source: Ministry of Finance and Corporate Relations.

Much of the population losses experienced since 1983 in areas outside the Lower Mainland and Vancouver Island can be attributed to a restructuring in many of the resource-based industries in these areas. This, coupled with the increasing importance of the service sector, resulted in declining populations in outlying areas in favour of the province's larger metropolitan areas.

Labour Market Developments in the 1980s

Prior to the 1981-82 recession, provincial employment reached a record high of 1,270,000 in 1981 and the unemployment rate of 6.7 per cent was at its lowest level since 1974.

The recession had a significant impact on the provincial, as well as the Canadian, labour market. In British Columbia, employment declined by 80,000 between 1981 and 1983, and did not return to the pre-recession level until 1986. Because of this decline in employment, the unemployment rate rose to a peak of 14.7 per cent in 1984. Since then, however, it has steadily declined to 10.3 per cent in 1988.

Since 1985, British Columbia labour market conditions have improved substantially. Over the three year period between 1985 and 1988, employment grew by 138,000 while the number of unemployed persons declined by 43,000. See Appendix Table A3.2 for further detail on labour market conditions.

Labour Force

In British Columbia, as in the rest of Canada, the average age of the population has risen steadily over the past decade. This is reflected in both the age distribution of the entire population and the labour force.

In 1988, 19.6 per cent of the labour force was in the 15 to 24 year age group compared with 25.6 per cent in 1978. Population forecasts indicate that the size of the 15 to 24 age group will decline further relative to the older age groups over the next 15 years. This reflects the aging of the baby-boom generation and a decline in fertility rates in the 1960s and 1970s.

Table 3.3 British Columbia Labour Force by Age Group

Age Group	1978		1988	
	(000)	(per cent)	(000)	(per cent)
15–24	308	25.6	296	19.6
25–44	560	46.6	815	53.8
45–64	319	26.5	383	25.3
65 and over	16	1.3	19	1.3
Total[1]	1,202	100.0	1,514	100.0

[1] Totals may not add due to rounding.
Source: Statistics Canada.

The trend toward increased economic activity by women has had a significant impact on the composition of the provincial labour force. Between 1978 and 1988, the female participation rate (the percentage of women of labour force age who are in the labour force) rose from 48.7 percent to 56.5 percent, and is expected to increase further. The male participation rate decreased from 77.7 per cent to 75.2 per cent over the same period, while the overall participation rate increased from 63.0 per cent to 65.7 per cent. As a result, the proportion of the labour force comprised of women has grown steadily, from 39.2 per cent in 1978 to 44.0 per cent in 1988. In some respects, the rapid growth of the service sector in the province can be attributed to the availability of a flexible and skilled female work force.

Table 3.4 British Columbia Labour Force Activity by Sex

		1978			1988		
		Males	Females	Total[1]	Males	Females	Total[1]
Population 15 years and over	(000)	941	968	1,909	1,128	1,177	2,306
Labour Force	(000)	731	471	1,202	849	666	1,514
Participation rate	(per cent)	77.7	48.7	63.0	75.2	56.5	65.7

[1] Totals may not add due to rounding.
Source: Statistics Canada.

In order for the British Columbia economy to prosper in today's competitive international market place, a skilled and well-educated labour force is essential. In 1988, 42.1 per cent of the labour force had at least some post-secondary education compared with 33.8 per cent in 1978. The proportion of those in the work force who had completed some type of post-secondary education — university degree, college certificate or diploma, or trade certificate — rose from 21.3 per cent to 28.6 per cent during this period.

Table 3.5 British Columbia Labour Force by Level of Education

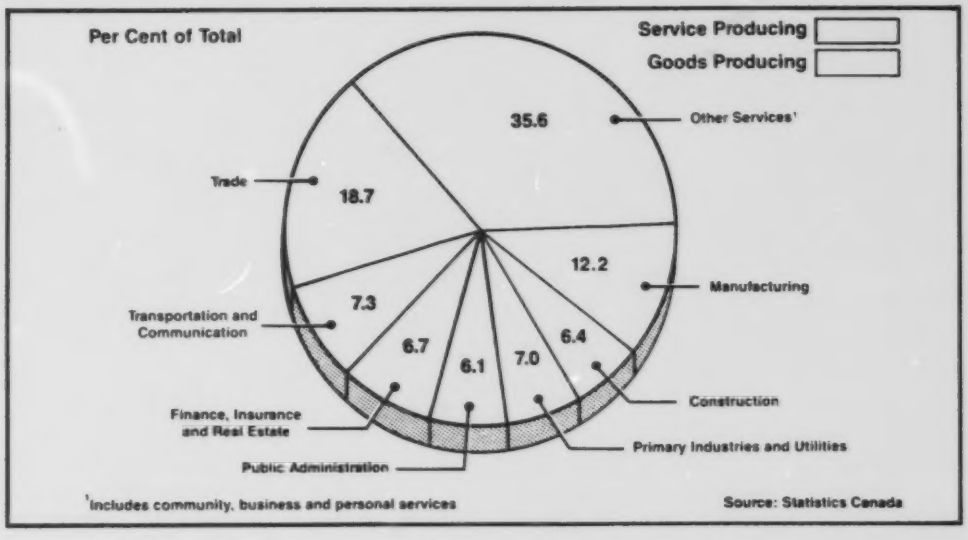
Level of Education	1978		1988	
	(000)	(per cent)	(000)	(per cent)
0–8 years	123	10.2	90	6.0
9–13 years	673	56.0	786	51.9
Some post-secondary	150	12.5	205	13.5
Post-secondary certificate or diploma	130	10.8	220	14.5
University degree	126	10.5	214	14.1
Total[1]	1,202	100.0	1,514	100.0

[1] Totals may not add due to rounding.
Source: Statistics Canada.

Employment

Over the past 10 years, the service-producing sector of the British Columbia economy has grown more rapidly than the goods-producing sector, reflecting the trend in Canada as a whole and other developed countries. Since 1978, employment in the province's service sector increased from 769,000 to 1,010,000 in 1988, a gain of 241,000 jobs or 31.3 per cent. In contrast, goods-producing employment increased marginally from 334,000 in 1978 to 347,000 in 1988, an increase of only 13,000 or 3.9 per cent. As a result, the service-producing sector's share of total employment rose from 69.7 per cent to 74.4 per cent over this period.

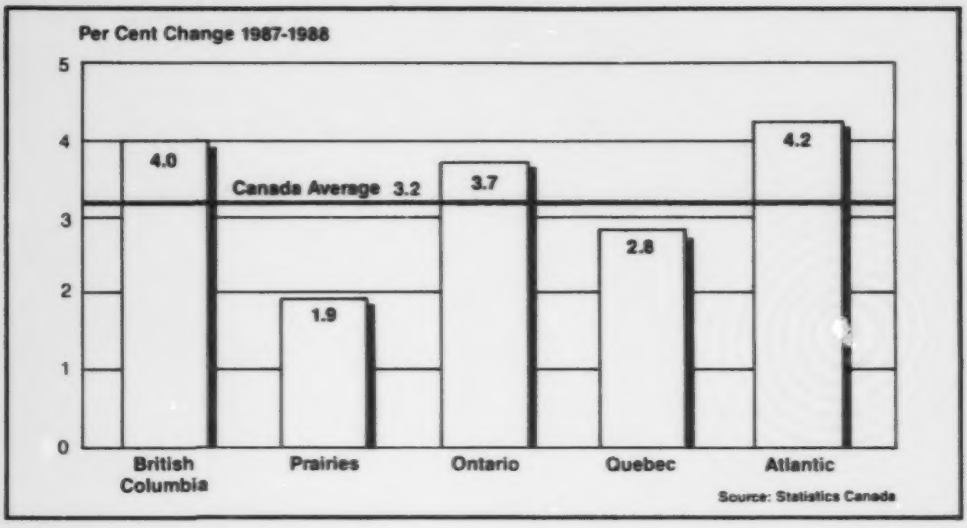
Chart 3.3 British Columbia Employment by Sector, 1988



The shift in employment between the service-producing and goods-producing sectors affected the regional distribution of employment. Between 1978 and 1988, the Lower Mainland's share of provincial employment rose from 56.3 per cent to 58.5 per cent, Vancouver Island's share declined from 17.7 per cent to 15.4 per cent, while the rest of the province dropped from 26.0 per cent to 24.9 per cent. This shift reflects the relatively greater reliance of the outlying parts of the province on goods-producing industries.

During 1988, employment in British Columbia increased 4.0 per cent, outperforming the Canadian growth rate of 3.2 per cent.

Chart 3.4 Employment Growth in Canadian Regions



Unemployment

In 1988, the provincial unemployment rate was 10.3 per cent compared to the Canadian average of 7.5 per cent. Despite its higher-than-average unemployment rate, British Columbia remains an attractive destination for workers from other provinces as indicated by a large inflow of working-age migrants in recent years.

The average duration of unemployment for British Columbians was 19.6 weeks in 1988, below the peak of 25.3 weeks recorded in 1985. Older persons experience more difficulty in finding employment with the duration of unemployment for persons aged 45 years and over averaging 27.1 weeks in 1988.

In 1988, the provincial unemployment rate for females was 11.1 per cent compared to 9.8 per cent for males. Females tend to have a higher unemployment rate partly because they enter and exit the labour force more frequently, increasing their tendency to seek employment. However, the male unemployment rate exceeded the female rate during the recession when the male dominated goods-producing sector was more severely affected than the service-producing sector.

Income

Personal income, which comprises all forms of income accruing to individuals, reached $55.9 billion in 1988, 7.6 per cent above 1987. On a per capita basis, average personal income for British Columbians was $18,731 in 1988. Total wages and salaries, the largest component of personal income, totalled $31.3 billion in 1988, a 7.9 per cent increase from 1987.

Average weekly earnings in British Columbia increased 2.9 per cent to $466.52 in 1988, and were higher than those in all other provinces except Ontario. On an industrial basis, average weekly earnings during 1988 were highest in the mining industry followed by the forestry industry.

Table 3.6 Average Weekly Earnings in British Columbia by Industry

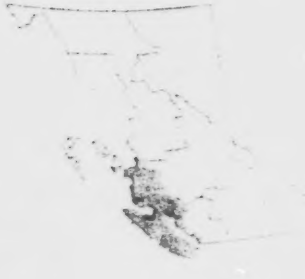
Industry	1978	1987	1988
		(dollars)	
Forestry	343.06	684.69	682.32
Mines, quarries and oil wells	372.70	768.54	804.89
Manufacturing	311.66	570.95	580.69
Construction	365.72	511.40	522.52
Goods producing industries	n.a.	582.56	592.00
Transportation, communication and other utilities	328.80	593.14	617.42
Trade	222.67	352.10	358.05
Finance, insurance and real estate	244.32	505.93	502 27
Community, business and personal services	230.05	358.54	374.47
Public administration	n.a.	569.49	603.13
Service producing industries	n.a.	416.19	428.49
Industrial aggregate	268.62	453.42	466.52

Source: Statistics Canada.
n.a.: not available.

Regional Profiles

Recent government restructuring has focused on regional participation in the province's development. Eight development regions were established with a member of the executive council named as minister of state for each region. Their mandate centres on the promotion of economic growth and business expansion in their assigned regions. In July 1988, the Ministry of Regional Development was established to strengthen the role of the ministers of state.

Vancouver Island/ Coast Region



This region comprises all of Vancouver Island, numerous smaller islands and a section of the mainland which, with the exception of Powell River, is remote and sparsely inhabited. Rugged mountains predominate, except for a narrow coastal plain extending along the east coast of Vancouver Island. The region covers 9.8 per cent of the total land area of the province and accounts for 18.6 per cent of the population.

The region is second only to the Lower Mainland/Southwest in terms of both population and economic activity. The region's population is concentrated in Victoria, which is the provincial capital and a major trade, tourism and administration centre. Elsewhere the primary industries provide the region's main economic support with the forestry sector in the leading role. There are six pulp and paper mills on Vancouver Island and one on the mainland; logging and sawmilling activity is widespread. Farming, fishing and mining (at Campbell River, Port Hardy and Texada Island) are well represented. Tourism and the retirement industry also contribute to economic activity, particularly in the southern part of the region.

Mainland/Southwest Region

This region is geographically the smallest development region with only 4.2 per cent of the province's land area. It is, however, by far the most populous development region with 55.3 per cent of the province's population. The region consists of the flat lower Fraser Valley, associated uplands and the mountains that border them. It also encompasses part of the adjacent mainland coast connected to Vancouver by the coastal ferry system, as well as the Squamish and Lillooet River valleys which are linked to Lillooet through Anderson and Seton Lakes.

The Lower Mainland is the leading centre for many of the activities in the province, from farming and fishing to manufacturing and services. Only the mining sector is poorly represented. Beyond the urban concentration of Greater Vancouver and its expanding suburbs, the resource industries are of greatest importance. As the financial, educational, manufacturing, tourism, transportation and cultural centre of the province, the region benefits from all developments within its hinterland, which in many respects means all of western Canada.

Thompson-Okanagan Region

This region covers the Okanagan, Similkameen and North Thompson valleys, as well as the Trans Canada Highway-C.P. Rail corridor from the Alberta boundary to the Fraser Canyon at Lytton. It contains 10.8 per cent of the provincial land area and 11.7 per cent of the population.

Manufacturing, tourism and transportation services broaden the regional economy but mining, forestry and agriculture remain the primary industries. The Okanagan Valley contains most of the province's orchards and vineyards, while much of the western and northern sections of the interior plateau are prime cattle range. Forest industry activity is widespread but the only pulp mill is located at Kamloops. The Highland Valley area, southwest of Kamloops, contains the greatest concentration of copper-molybdenum mines in British Columbia. There are also large copper-molybdenum mines near Peachland and Princeton, and precious metals mines near Hedley and west of Clinton. Mineral exploration activity is extensive and additional mining developments are anticipated given favorable prices. Kamloops and Kelowna are the region's largest communities with broad local economies based on trade, administration, services and manufacturing. Tourism and the retirement industry provide considerable economic benefit, particularly in the Okanagan and Shuswap areas.

Kootenay Region

The Kootenay Region borders the United States between Alberta and the Okanagan Valley. It represents 6.7 per cent of the provincial land area and contains 4.3 per cent of the population. The terrain is mountainous; valleys are oriented north-south and contain a number of reservoirs for power generation facilities. The only large flat area is at Creston where diverse agricultural enterprises are concentrated.

Cattle ranching is the main agricultural activity around Grand Forks and in the Rocky Mountain Trench. Mining and mineral processing are dominant at Trail (non-ferrous smelter complex), Kimberley (lead-zinc mine) and the Fernie-Elkford area (coal mines). Logging and timber processing activities are widespread; pulp mills are located at Castlegar and Skookumchuk. Cranbrook is the regional centre for trade and services in the eastern part of the region while Nelson serves as the main administrative centre for the west Kootenay area. The region's long history of mining explains the presence of numerous smaller communities.

Cariboo Region

The Cariboo region encompasses 13.5 per cent of the province's land area, and 4.9 per cent of the population. Bounded by high mountains on the east and southwest, the region is primarily a high, rolling-to-hilly plateau. It is heavily forested, but lower elevations provide excellent conditions for raising beef cattle.

The region's southern portion is the centre of cattle ranching in British Columbia. Forestry provides the main economic support throughout the region. Pulp mills at Quesnel, Prince George, and Mackenzie utilize wood fibre supplied from well beyond regional boundaries. There is a large open-pit copper-molybdenum mine located near Williams Lake, and mineral exploration is widespread. The area from Quesnel to Barkerville has a long history of gold mining. Prince George has developed as the leading trade, administration and manufacturing centre in the northern part of the province on the strength of its central location on the rail and highway systems.

North Coast Region

This is the fourth largest of the eight development regions, covering 12.5 per cent of the provincial land area. The region includes only 2.1 per cent of the provincial population and most of the residents are concentrated between Prince Rupert, Hazelton and Kitimat. Rugged mountains and deeply cut river valleys characterize the topography of the region.

The economy is equally diverse. The coastal communities rely heavily on fishing and fish processing. There is extensive logging on the Queen Charlotte Islands and the southern half of the mainland portion of the region. Pulp and paper mills are located at Prince Rupert and Kitimat, and major sawmills at Terrace, Kitwanga and Hazelton. Mining and forestry are the chief economic activities in the Stewart area. Prince Rupert and Terrace are the leading administrative centres for the region. Kitimat was established in the early 1950s to house Alcan's aluminum smelter complex.

Nechako Region

The Nechako region is the second largest of the development regions, containing 20.7 per cent of the provincial land area but only 1.3 per cent of the population. Communities along the rail-highway corridor from Smithers to Vanderhoof and Fort St. James contain the bulk of the population. The terrain is characterized as a high, rolling or hilly plateau bounded by rugged mountains on the west and on the northern portions of the eastern border. There is little or no commercial forest cover in the northern half but forests are extensive in the south where they support a large part of the local economy.

The mining industry forms the economic base in Atlin, Cassiar, Dease Lake, Fraser Lake and Granisle. Large mines are located near Fraser Lake (molybdenum), Houston (silver), Granisle (copper) and Cassiar (asbestos, gold). Widespread mineral exploration and development is currently centered on precious metals but large deposits of base metals and coal (at Mount Klappan and Telkwa) offer future potential. Agricultural activity is limited by climate and terrain primarily to the Bulkley Valley at Smithers and an area west of Vanderhoof, although cattle ranches are found south of Burns Lake as well.

Northeast Region

This, the largest of the development regions, represents 21.8 per cent of the land area of the province and contains 1.8 per cent of the population. Generally, the terrain is flat in the north and east and mountainous in the south and west. The central part of the region extends westward beyond the Rockies into the Omincea Mountains, an area where a number of promising metallic mineral deposits have been outlined.

Grain, forage crops and beef cattle traditionally provided the economic base of the triangle extending from Chetwynd to Dawson Creek and Fort St. John. Over the past three decades, the forest industry, oil and natural gas, and hydroelectric power projects have provided much of the region's economic growth. In the 1980s, growth has been largely attributable to the development of coal mines southwest of Dawson Creek in the vicinity of the new community of Tumbler Ridge.

CHAPTER 4

Industrial Structure and Performance

4. Industrial Structure and Performance

Introduction

The province's rich endowment of natural resources and their development forms the backbone of British Columbia's economic structure. Economic activity in all sectors is affected, to a varying degree, by developments in international markets for lumber, minerals and other resource products.

The province's small population is unable to support local production of mass-produced consumer goods nor provide a market for the production of natural resource products. As a result, extensive trading relationships have been developed with the rest of the world for both sales of resource products and importation of items not produced locally.

British Columbia, because of its reliance on the export of resource products, is affected by fluctuations in internationally-determined commodity prices. The sometimes significant swings in world commodity prices subject the provincial economy to periods of rapid growth followed by subsequent slowdowns. These business cycles, while experienced in all developed economies, have been especially evident in British Columbia.

Fortunately, the uncertainty created by international economic developments and shifting trading patterns has been reduced in recent years as British Columbia diversifies its export markets. Relative to other Canadian provinces, British Columbia is less dependent on the United States market as a destination for exports. More diversified trade relations have been achieved through increased exports to the rapidly developing economies of the Pacific Rim. In fact, during the first half of 1989, exports to the Pacific Rim region exceeded exports to the United States.

Industrial Structure

The distribution of industrial output reflects the importance of natural resources. Two sectors alone, the primary and the goods manufacturing industries, accounted for almost one-quarter of the province's total gross domestic product in 1988. Primary industries, which include the agriculture, fishing and trapping, logging and forestry, and mining sectors, had production valued at $4.1 billion in 1988 and employed 86,000 individuals. Manufacturing industries, which mainly process primary resource products into goods of higher value, had production valued $9.4 billion and employed 166,000 persons in 1988. Goods-producing industries as a whole, including the construction and utilities sectors, produced about one-third of the province's total output in 1988.

Chart 4.1 British Columbia Gross Domestic Product by Industry, 1988

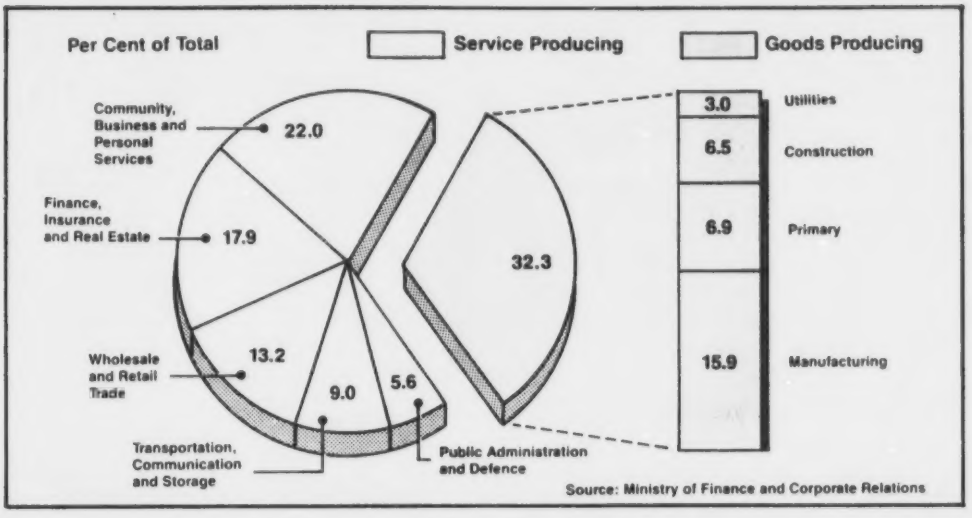


Table 4.1 Structure of the British Columbia Economy, 1988

Sector	Gross Domestic Product[1]		Employment[2]	
	($ millions)	(per cent)	(thousands)	(per cent)
Agriculture	808	1.4	33	2.4
Fishing and trapping	302	0.5	8	0.6
Forestry and logging	1,354	2.3	26	1.9
Mining	1,605	2.7	19	1.4
Manufacturing	9,428	15.9	166	12.2
Construction	3,882	6.5	86	6.4
Utilities	1,798	3.0	9	0.7
Goods Producing	19,177	32.3	347	25.6
Transportation, communication and storage	5,331	9.0	98	7.3
Wholesale and retail trade	7,833	13.2	254	18.7
Finance, insurance and real estate	10,620	17.9	91	6.7
Community, business and personal services	13,091	22.0	484	35.6
Public administration and defence	3,350	5.6	83[3]	6.1
Service Producing	40,225	67.7	1,010	74.4
Total	59,402	100.0	1,358	100.0

[1] At factor cost
[2] Totals may not add due to rounding
[3] Excludes defence
Sources: Gross Domestic Product – Ministry of Finance and Corporate Relations. Employment – Statistics Canada.

Service-producing industries, taken as a whole, had output valued at $45.9 billion, or about two-thirds of total provincial gross domestic product in 1988 and accounted for three-quarters of total employment. However, growth in the service sector is largely related to developments in the goods-producing sector. Without the incomes and profits generated by the goods-producing sector, the province's service industries would be much smaller.

The resource-based orientation of the British Columbia economy has also influenced the makeup of the province's service industries. For example, transportation services are highly dependent on the movement of lumber, pulp and minerals to the United States and offshore markets. Likewise, many of British Columbia's business services have developed in direct response to resource producers' needs.

International Trade

In 1988, exports accounted for 26 per cent of British Columbia's total gross domestic product (GDP). Merchandise exports of British Columbia origin reached $17.4 billion in 1988, representing a 10.7 per cent increase over 1987.

British Columbia also plays an important role in the movement of goods from other parts of Canada to foreign markets. Similarly, a significant proportion of commodities imported through the province's customs ports, such as automobiles and consumer electronics from Japan and South Korea, are destined for other parts of Canada.

Historically, natural resource products have dominated provincial exports. Three sectors, forestry, mining and fishing, generate approximately three-quarters of total export earnings. About three-quarters of the forest sector's production is sold in world markets. Over 80 per cent of fisheries production and almost all the coal mined in British Columbia is destined for other countries.

In the secondary manufacturing sectors, a much lower proportion of production is exported. In 1988, for example, 28 per cent of machinery production and 11 per cent of fabricated metal output was sold in foreign markets. However, in the emerging high-technology industries, there is a heavy dependence on world markets. Many firms in this group were specifically established to meet international demand.

Commodity Exports

In 1988, softwood lumber exports were valued at $3.9 billion and accounted for 22 per cent of British Columbia's exports. Market softness, partially resulting from slower house construction activity in the United States, resulted in a 5.4 per cent decline in softwood lumber exports in 1988. Of British Columbia's softwood lumber exports, the United States accounted for 57 per cent, Japan 22 per cent and the European Community 15 per cent.

Pulp and paper products have commanded an increasing share of total provincial exports. In 1988, the value of pulp and paper exports reached $4.9 billion or 28 per cent of total exports, up from 22 per cent in 1978. Pulp exports totalled $3.4

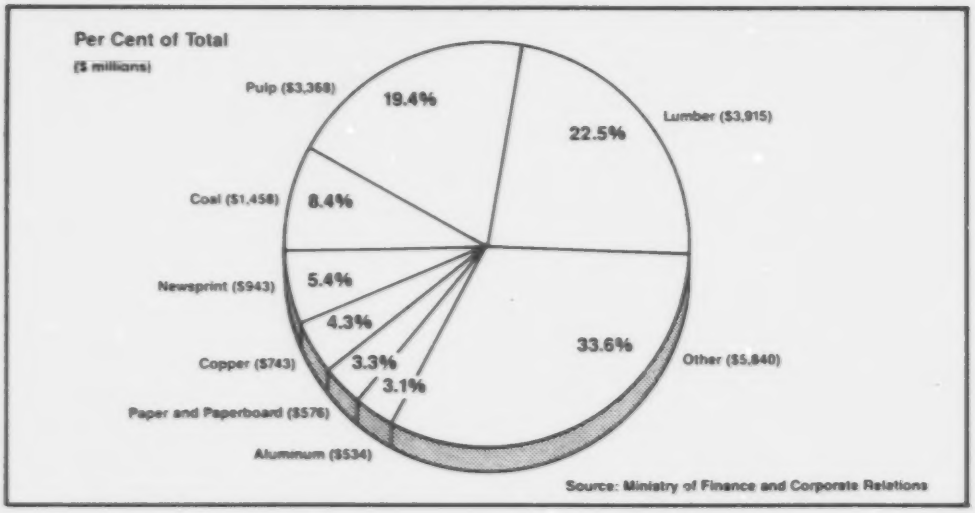
billion in 1988 with 34 per cent shipped to the European Community, 23 per cent to the United States and 21 per cent to Japan. Newsprint exports totalled $943 million in 1988, with about three-quarters destined to the United States. Exports of paper and paperboard totalled $576 million with 53 per cent destined for the United States.

Coal was by far the leading mineral export in 1988 and accounted for 8 per cent of total exports. In 1988, coal exports reached $1.5 billion, up 14.9 per cent from 1987. Japan received nearly three-quarters of the province's coal exports.

Metallic minerals worth $2.2 billion were exported from British Columbia in 1988, with nearly half going to the Japanese market. The leading metals were copper ores and concentrates ($743 million), aluminum ($534 million) and zinc ($396 million).

Fish and seafood product exports in 1988 were valued at $642 million.

Chart 4.2 British Columbia Exports by Commodity, 1988



Export Markets

Three large markets absorbed the bulk of the province's exports in 1988. In terms of the value of exports, the United States received 43 per cent, Japan 27 per cent and the European Community 14 per cent. Canada, on the other hand, shipped 73 per cent of all foreign exports to the United States, only 6 per cent to Japan and 8 per cent to the European Community. Similarly, British Columbia's exports to Pacific Rim countries, other than Japan, amounted to 11 per cent of total provincial exports while Canada's exports to these same countries amounted to only 6 per cent of total exports.

DIVERSIFIED TRADE

In global terms, British Columbia is a small, trade dependent economy which must constantly adapt to trends within international markets.

There is no question that the changing global market place is affecting the province's export industries. Generally, export markets have become much more competitive. Improved transportation and communication systems facilitate the movement of goods, while technological change is constantly creating new products and improving the means to produce existing ones. New natural resource producers, capable of exporting to the traditional markets of British Columbia firms, have also emerged.

A critical international trend recognized by British Columbia is the growing importance of Pacific Rim nations. Not only are these countries tough international competitors, but their high growth rates make them prime potential markets for British Columbia products.

Expanded trade with the Pacific Rim has the added advantage of diversifying provincial exports. This reduces British Columbia's reliance on any particular market and helps stabilize export revenues. In 1988, approximately 38 per cent of British Columbia exports were destined for the Pacific Rim while 43 per cent went to the United States. In comparison, 78 per cent of exports from the rest of Canada were sold to the United States while only 9 per cent went to the Pacific Rim.

In order to both develop and promote trade, particularly to Pacific Rim markets, the government has embarked on several initiatives.

- The province was an early supporter of the Canada-United States Free Trade Agreement and continues to support multilateral trade negotiations. Clear, well-defined trade rules are the best defence against protectionism.
- To ensure that firms are knowledgeable about the Free Trade Agreement a seminar series, emphasizing strategic planning, is being delivered throughout British Columbia. Many exporters use the United States as a stepping-stone to other markets.
- A world-wide network of foreign offices has been established, including four offices in the Pacific Rim, two in the European Community, and three in the United States. These offices assist provincial exporters and identify export and investment opportunities.
- The British Columbia Trade Development Corporation has been established to work with business to target specific export opportunities, provide advice and services to companies on an individual basis, and develop programs to increase export skills and awareness.
- The Pacific Rim Initiatives Program — an education program designed to establish closer cultural, educational and economic links with Pacific Rim countries — is underway.
- To increase the province's global profile, the British Columbia International Commercial Arbitration Centre has been established and Vancouver has been designated an International Financial Centre.

British Columbia's diversified export markets have proven to be a distinct benefit. In the first six months of 1989 British Columbia exports to the United States declined by 5.4 per cent, largely because of the appreciation of the Canadian dollar and the slowdown in the United States economy. However, exports to the Pacific Rim increased by 25.9 per cent over 1988 levels, more than offsetting the export decline to the United States. Although total Canadian exports declined during the first six months of 1989, British Columbia exports for the same period were 2.0 per cent higher than previous year levels.

BRITISH COLUMBIA AND CANADIAN EXPORTS
1988

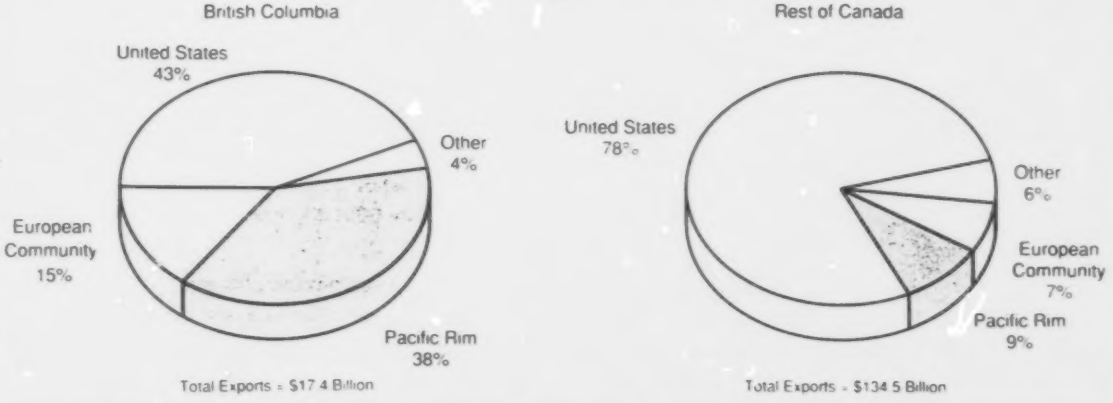


Table 4.2 British Columbia Exports by Country

Country	1984	1985	1986	1987	1988
			($ millions)		
United States	5,484	6,249	6,109	7,257	7,443
Japan	2,915	2,962	3,266	4,051	4,706
United Kingdom	463	406	518	662	805
West Germany	291	257	274	417	492
South Korea	320	346	388	416	480
Italy	181	136	197	311	353
Taiwan	123	182	193	241	344
Australia	210	203	202	272	320
People's Republic of China	314	284	202	273	270
France	195	162	199	266	268
Belgium	146	167	198	246	259
Other countries	1,012	954	960	1,279	1,636
Total[1]	11,653	12,308	12,707	15,690	17,377

[1] Totals may not add due to rounding.
Source: Ministry of Finance and Corporate Relations.

The United States remains British Columbia's leading export market for manufactured products such as electrical machinery, transportation equipment and value-added wood products. In contrast, almost all shipments to Japan are raw or semi-processed natural resources. However, as Japan has lowered its trade barriers, the export of British Columbia manufactured products such as auto parts, pre-fabricated wood products and recreational products has increased.

Like Japan, the European Community is not a major market for manufactured end products. The United Kingdom, however, has historically been a consistent market for general purpose machinery, laboratory and medical equipment, aircraft parts and value-added wood products. The European Community remains an important market for the province's traditional resource products and export growth has been strong. In 1988, shipments of lumber to the European Community increased by 21.0 per cent and shipments of pulp grew 19.3 per cent over 1987 levels.

Export Opportunities

British Columbia is well positioned to increase its exports to world markets and to further diversify its economy, in part because of its excellent transportation facilities, abundant land, energy and natural resources, and its strategic location on the Pacific Rim, one of the fastest growing market regions in the world. Provincial trade development initiatives build on those strengths, providing support for trade and investment, as well as education and cultural exchanges.

As the Canada-United States Free-Trade Agreement is phased in over the next few years, it is likely that the United States will continue to increase the value of merchandise it purchases from the province. It is also expected that the newly industrialized economies of Taiwan, Hong Kong, Singapore and South Korea will continue to increase their imports as their economies expand. While there is

currently some concern that the planned harmonization of European trading regulations in 1992 may lead to some closing of that market to Canadian products, there is a strong possibility that a more dynamic European economy and positive GATT (General Agreement on Tariffs and Trade) decisions will create new export opportunities for British Columbia products.

Infrastructure

British Columbia's economic development is highly dependent on its transportation and communications infrastructure. Business enterprises rely on dependable transportation systems to move their products to market and receive inputs from suppliers, while communications systems are necessary for the rapid exchange of information required in today's business environment. Fortunately, the province boasts a modern, efficient and extensive transportation and communications system.

Highways

British Columbia's large highway network provides all-weather access to most regions of the province. There are 47,060 kilometres of provincial roads and rights-of-way with 22,242 kilometres paved and 20,400 kilometres gravelled. This network enables the efficient transport of British Columbia's resource products to transshipment points as well as opening up the province to residents and tourists.

Table 4.3 Provincial Highway Construction

Fiscal Year Ended March 31.	1988	1989
	(kilometres)	
Construction		
Four-lane	40	23
Two-lane	41	8
Total	81	31
Paving		
New	371	452
Sealcoat (maintenance)	1,080	519
	(number)	
Bridges and major highway structures	35	14
	($ millions)	
Highway and bridge expenditure		
Capital	391.0	260.1
Maintenance	280.4	298.1
Total	671.4	558.2

Source: Ministry of Transportation and Highways.

Recent projects emphasize the continuing importance placed on the British Columbia highway system:

- In September of 1987, Phase II of the Coquihalla Highway was opened, reducing the driving distance between the Lower Mainland and Kamloops by 80 kilometres;

Map 4.1 Provincial Transportation Network

Trunk Highways

Railways BCR

CN - CPR

Main Ferry Routes

Source Ministry of Transportation and Highways

- Phase III of the Coquihalla, between Merritt and Peachland, is under construction with completion scheduled for September, 1990;
- During 1988/89, work was completed on projects near Houston and Kamloops under a three-year federal-provincial cost-sharing agreement for improvements to the Yellowhead Highway. In 1989/90, four more projects are scheduled to begin; and,
- The East/West Freeway which links Richmond to the Annacis Freeway was completed and officially opened in July, 1989.

During 1988, approximately 1.7 million passenger vehicle licences and 603,000 commercial licences were held by provincial residents.

Railways

The province has approximately 7,500 kilometres of mainline track operated by BC Rail, CN Rail, CP Rail and other railways. All three major railways are involved in extensive freight hauling operations. In addition, CP Rail operates a railcar barge service to Vancouver Island and CN Rail operates the Aqua-train service from Prince Rupert to Whittier, Alaska.

BC Rail provides passenger service from North Vancouver to Prince George. VIA Rail Canada Inc. provides passenger services on CN Rail Lines from Vancouver via Edmonton to Prince Rupert; on CP Rail's Transcontinental line, from Vancouver to Calgary; and on CP Rail's Esquimalt and Nanaimo Railway line, from Victoria to Courtenay.

Itel Rail Corporation of San Francisco assumed ownership of BC Hydro Rail on September 30, 1988 and renamed it the Southern Railway of British Columbia. CP Rail purchased running rights over 12 kilometres of Southern Railway right-of-way. Burlington Northern Railway operates between Vancouver and Seattle and to several interior border communities.

CN Rail spent $28 million on capital projects in British Columbia in 1988. Road maintenance required $22 million and yard improvements took $4 million. An additional $2 million was spent on signals for the line to Prince Rupert.

At the end of 1988, CN Rail began a $14.5 million, three-year program to install an Advanced Train Control System (ATCS) on a portion of its line between Prince George and Harvey, British Columbia. The new system will employ the latest technology with on-train and wayside computers to monitor and control train movements.

CP Rail has completed the $500 million Rogers Pass project through the Selkirk mountains. This project increased the railway's capacity by 60 per cent and reduced the westbound grade from 2.2 per cent to a maximum of one per cent. The railway can now move 24 westbound trains through the Pass every day instead of the previous 15.

The $3 million Campbell Creek Lumber Reload Centre was officially opened in June, 1989. This truck/train transfer centre, located east of Kamloops, is adjacent to CP Rail's mainline and the Trans Canada Highway. Serving a catchment radius of 300 kilometres, it is targeted mainly at the lumber industry.

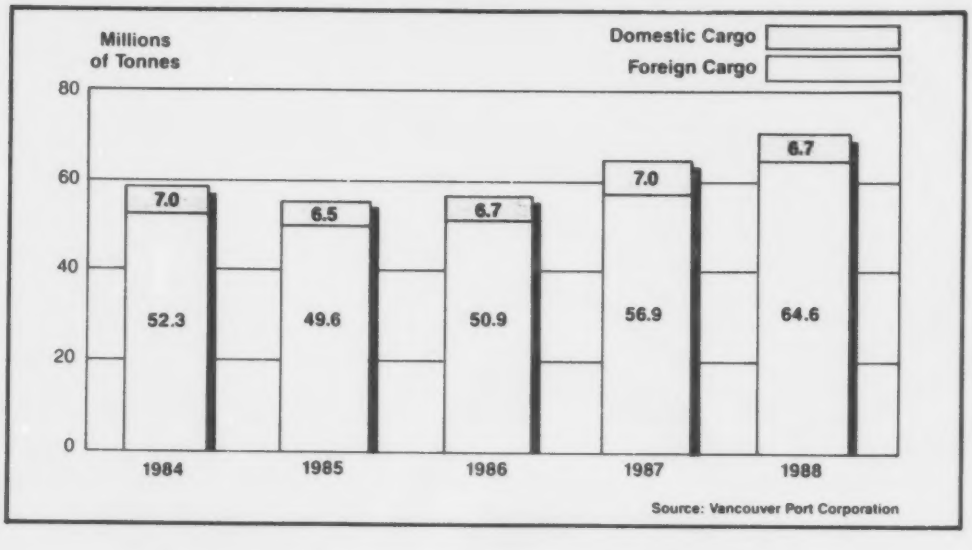
Deep Sea and Coastal Shipping

British Columbia has a number of large, ice-free ports. The Port of Vancouver is British Columbia's major seaport and the largest dry cargo port on the North American Pacific coast. Additional year-round deep-sea ports are located at Prince Rupert, New Westminster, Victoria, Nanaimo, Port Alberni, Campbell River and Powell River.

Shipments through the Port of Vancouver totalled 71.3 million tonnes in 1988, an 11.5 per cent increase over 1987. Coal is the port's leading tonnage export commodity and shipments reached 23.6 million tonnes in 1988, a 26.2 per cent increase over 1987. Grain exports accounted for approximately 12.5 million tonnes, while lumber and pulp shipments totalled 4.7 million tonnes. Potash shipments reached a record 4.8 million tonnes and sulphur exports increased by 17.9 per cent to 6.6 million tonnes. Container traffic increased 13.5 per cent from 1987 to a record 2.7 million tonnes in 1988.

Total cargo shipped through the Port of Prince Rupert was down 7.5 per cent in 1988 to 12.4 million tonnes. A major expansion of general cargo facilities at Prince Rupert's Fairview Terminal is underway with completion scheduled for early 1990.

Chart 4.3 Port of Vancouver Cargo Tonnage



Tug and barge services connect major centres with small communities on British Columbia's major islands and the mainland coast. Small coastal vessels provide a mix of passenger and package freight service.

The British Columbia Ferry Corporation provides drive-on/drive-off freight and passenger service on major routes between the Lower Mainland, Vancouver Island and other coastal points. The Ministry of Transportation and Highways provides ferry service on 16 freshwater routes. In 1988/89 these ferries carried nearly three million passengers and 2.7 million vehicles.

Air Transport

There are approximately 110 licensed air carriers based in British Columbia providing scheduled and charter services to domestic and foreign destinations. Facilities in the province include more than 200 land-based airports, about 63 water-based facilities and approximately 20 heliports.

Major domestic and international service is provided by Air Canada and Canadian Airlines International. Many other major foreign airlines provide service through Vancouver International Airport, British Columbia's largest airport.

Table 4.4 Activity at Vancouver International Airport

Totals In/Out		1987	1988[1]	Change 1987–1988
				(per cent)
Passengers	(thousands)	8,023	9,233	15.1
Airmail and air cargo	(tonnes)	115,367	117,262	1.6
Aircraft movements	(thousands)	302	325	7.6

[1] Preliminary estimates.
Source: Transport Canada.

The Provincial Air Transport Assistance Program was established in 1977 to assist the development of community airports and regional air services in British Columbia. By March 31, 1989, the program had provided 246 grants totalling $34.6 million to 79 communities.

Pipelines

In British Columbia there are approximately 4,000 kilometres of crude oil transmission and gathering lines, 12,000 kilometres of natural gas flow, gathering and trunk lines. Oil and gas distribution lines in British Columbia are regulated by the British Columbia Utilities Commission and the National Energy Board of Canada.

Communications

British Columbia's modern communications network links the province's larger communities with remote areas as well as with other locations around the world.

As of March 31, 1989, British Columbia had 91 originating radio stations of which 62 were AM and 29 were FM. The Canadian Broadcasting Corporation (CBC), a federal Crown corporation, operated six stations and five additional stations were CBC affiliates. Of the 80 non-CBC stations, 73 were independent and four were student-operated.

During 1988, cable television was available to over 80 per cent of the homes in British Columbia through 134 cable television systems. Many communities in remote areas of the province receive television signals via satellite. The provincial government encourages this by providing grants for part of the cost of satellite receiving dishes and other equipment. Through this program, 106,000 households in 301 communities have gained access to educational and basic television services at a cost to the provincial government of approximately four million dollars.

There were 10 originating television stations as of March 31, 1989, including two stations operated by the CBC, five CBC affiliates and two CTV television network stations.

As of March 31, 1989 there were approximately 1.7 million telephone network access service lines in British Columbia. Telephone service is provided primarily by the British Columbia Telephone Company, with regional service provided by the City of Prince Rupert Telephone Company and Northwestel Inc. Telecommunications in Canada is regulated by the Canadian Radio-Television and Telecommunications Commission.

Forestry

Productive forest land covers 43.3 million hectares or 46 per cent of the province. This forest land supports more than eight billion cubic metres of mature timber. About 96 per cent is coniferous, giving British Columbia approximately half of the national softwood inventory. Coastal forests contain more hemlock than any other species, while lodgepole pine and spruce are the major interior species (see Appendix Table A4.1).

In 1988, the British Columbia timber harvest was 86.8 million cubic metres, down 4 per cent from 1987. Coast forest regions provided 38 per cent of the harvest while 62 per cent came from the interior (see Appendix Table A4.2).

A high proportion of the forests consist of softwood (coniferous) species that are in demand throughout the world in the form of newsprint, pulp and paper products, shingles and shakes, and other products. In 1988, British Columbia accounted for 62 per cent of the softwood lumber, 30 per cent of the pulp, 17 per cent of the paper and 85 per cent of the softwood plywood manufactured in Canada. British Columbia's forest industries recorded factory shipments of $12.4 billion in 1988, or 49 per cent of the value of all shipments from manufacturers in the province. Forestry exports to other countries last year were valued at $9.9 billion, or 57 per cent of provincial exports.

Map 4.2 Pulp and Paper Mills (1988)

* As at December 1988

For integrated mills, pulp capacity includes pulp which is used internally to produce paper and to produce market pulp (if any) which is shipped from the mill site.

	Company	Location	Estimated Annual Capacity ('000 tonnes)* Pulp	Paper
1	Paperboard Industries Corp.	Burnaby	—	165
2	Fletcher Challenge Canada Ltd.	Crofton	649	449
3	Fletcher Challenge Canada Ltd.	Mackenzie	207	—
4	Skeena Cellulose Inc.	Prince Rupert	431	—
5	Celgar Pulp Co.	Castlegar	193	—
6	Howe Sound Pulp and Paper Ltd.	Port Mellon	230	—
7	Cariboo Pulp and Paper Ltd.	Quesnel	276	—
8	Crestbrook Forest Industries Ltd.	Skookumchuk	185	—
9	Fletcher Challenge Canada Ltd.	Duncan Bay	862	545
10	Eurocan Pulp and Paper Ltd.	Kitimat	374	374
11	Finlay Forest Industries Ltd.	Mackenzie	138	—
12	Canfor Corporation	Prince George	235	—
13	MacMillan Bloedel Ltd.	Harmac	370	—
14	MacMillan Bloedel Ltd.	Port Alberni	435	355
15	MacMillan Bloedel Ltd.	Powell River	730	680
16	Island Paper Mills Ltd.	Annacis Island	—	120
17	Northwood Pulp and Timber Ltd.	Prince George	502	—
18	Canfor Corporation	Prince George	270	100
19	Quesnel River Pulp Co. Ltd.	Quesnel	300	—
20	Scott Paper Ltd.	New Westminster	31	117
21	C.P. Forest Products Ltd.	Gold River	280	—
22	Western Pulp Ltd.	Port Alice	162	—
23	Western Pulp Ltd.	Squamish	226	—
24	Weyerhauser Canada Ltd.	Kamloops	426	—
25	Fibreco Pulp Inc.	Taylor	207	—
			7,719	2,905

Table 4.5 Economic Indicators of Activity in the Forest Sector

Indicator	1984	1985	1986	1987	1988	Change[1] 1987–1988
Wood Production			(million m^3)			(per cent)
Timber scaled (logged)	74.6	76.9	77.5	90.6	86.8	−4.2
Lumber	30.9	33.0	31.5	37.3	36.7	−1.6
Plywood	1.55	1.64	1.53	1.90	1.83	−3.7
Pulp and Paper Production			(million tonnes)			
Pulp	5.37	6.03	6.35	7.06	7.17	1.6
Newsprint, paper and paperboard	2.08	2.50	2.60	2.76	2.88	4.4
Industrial Product Price Indexes			(1981 = 100)			
Softwood lumber — British Columbia	111.4	112.9	127.4	126.8	131.5	3.7
Douglas fir plywood	89.0	92.6	112.8	107.9	104.9	−2.8
Bleached sulphate pulp for export	102.3	87.3	98.2	122.4	143.0	16.8
Newsprint for export	109.6	119.7	123.0	129.2	137.5	6.4

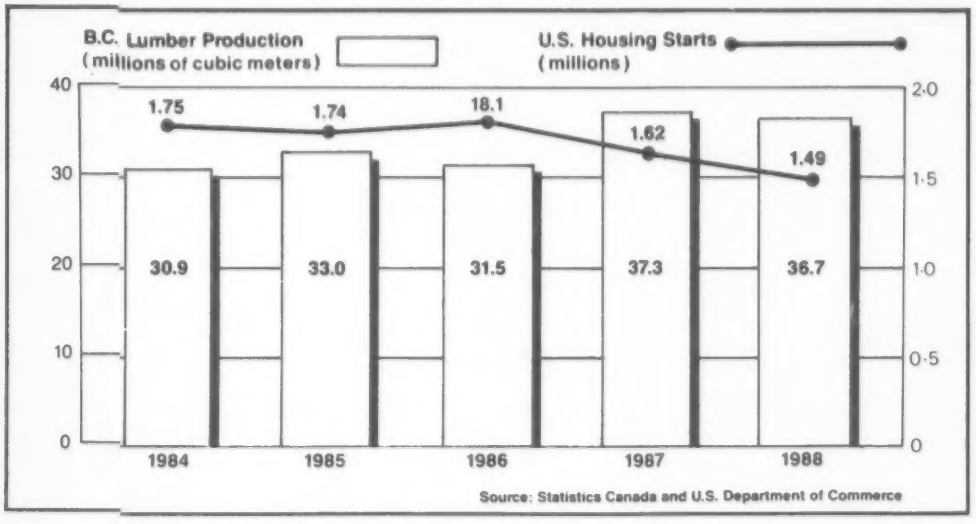
[1] Percentage change based on unrounded numbers.

Sources: Timber scaled — Ministry of Forests.
Lumber and plywood production — Statistics Canada.
Pulp and paper production — Canadian Pulp and Paper Association.
Industrial product price indexes — Statistics Canada.

Lumber

The North American lumber market was generally weaker in 1988 as United States housing starts declined from 1.62 million units to 1.49 million units. Lumber prices, in terms of United States dollars, fell by more than 6 per cent during the year. However, British Columbia lumber shipments to offshore markets, such as the European Community, Japan and Australia increased substantially, partially offsetting the weaker North American market. Overall, however, softwood lumber exports declined 5.4 per cent to $3.9 billion in 1988.

Chart 4.4 British Columbia Lumber Production and United States Housing Starts



Over the past three decades, the industry has undergone tremendous change, evolving from numerous small mills near the forest resource to large centrally located operations with drying kilns and chipping facilities. Chipped wood waste from sawmills constitutes a major part of the fibre requirements of the province's pulp and paper industry. In recent years there has been less emphasis on mass production of standardized lumber products and a corresponding increase in the production of various sizes of lumber and specialized wood products such as furniture components and door and window stock that command higher prices and utilize a larger proportion of each log.

Plywood

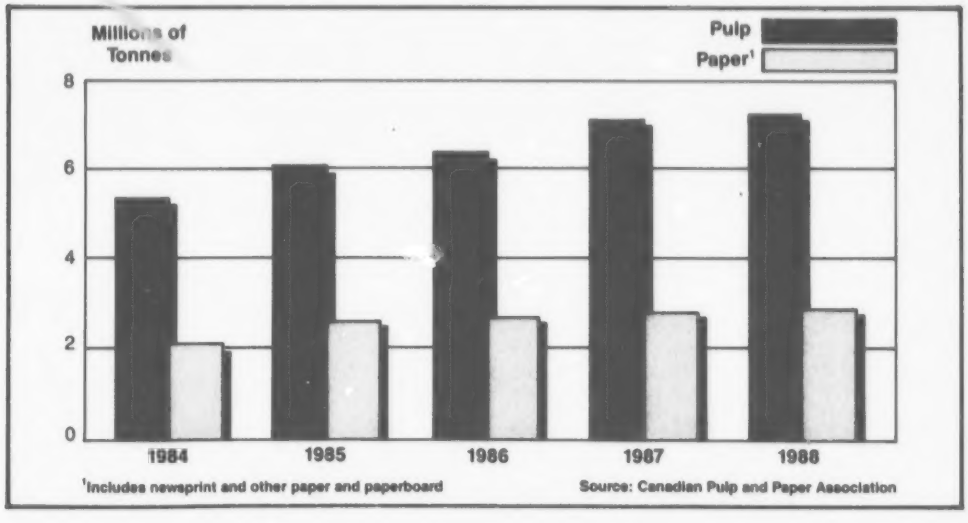
Approximately 80 per cent of British Columbia's plywood production is used in Canada. In 1988, provincial plywood production was 1.8 million cubic metres, down 3.7 per cent from 1987, reflecting not only a 9.5 per cent decrease in Canadian housing starts, but also continuing competition from other structural panel products such as oriented strand board.

Pulp and Paper

British Columbia pulp production totalled 7.2 million tonnes in 1988, up slightly from the previous year. Between the first quarter of 1988 and the first quarter of 1989, pulp prices rose 23 per cent in the United States and 19 per cent in Europe, reflecting continuing strong worldwide demand. Pulp exports in 1988 were valued at $3.4 billion, up 17.2 per cent from 1987.

Newsprint, paper and paperboard production in 1988 increased 4.4 per cent to 2.9 million tonnes. North American newsprint demand decreased slightly in 1988, reflecting lower growth in United States consumption as advertising expenditures by major retailers declined. Paper product exports reached $1.5 billion in 1988, an increase of 14.3 per cent over 1987.

Chart 4.5 British Columbia Pulp and Paper Production



Minerals

Most of British Columbia lies within the Canadian Cordillera, a geological formation known to contain a wide variety of valuable minerals. Technological advances in exploration and mining and the development of new domestic and foreign markets has resulted in a significant increase in production of all mineral products, including oil and natural gas, over the past three decades. In 1988, total output was valued at an estimated $3.8 billion, up almost 9.7 per cent from 1987.

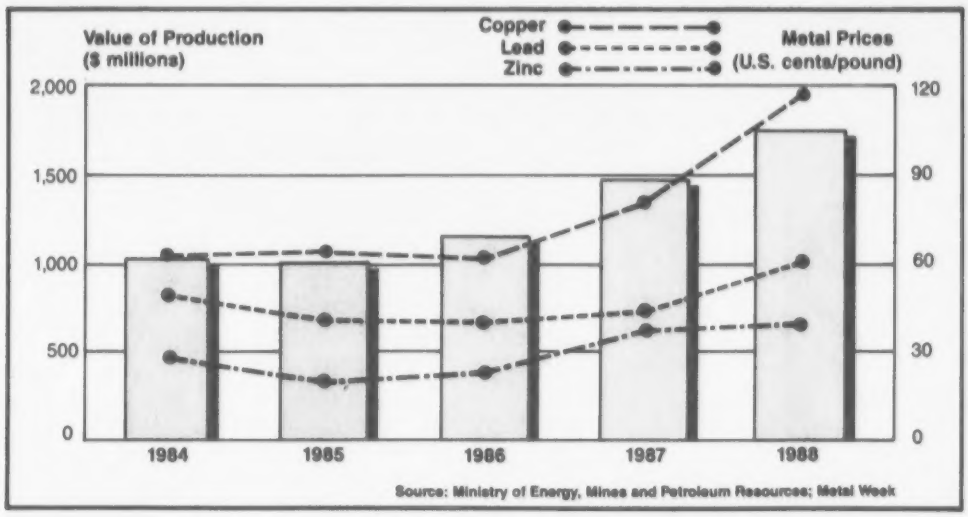
Metals

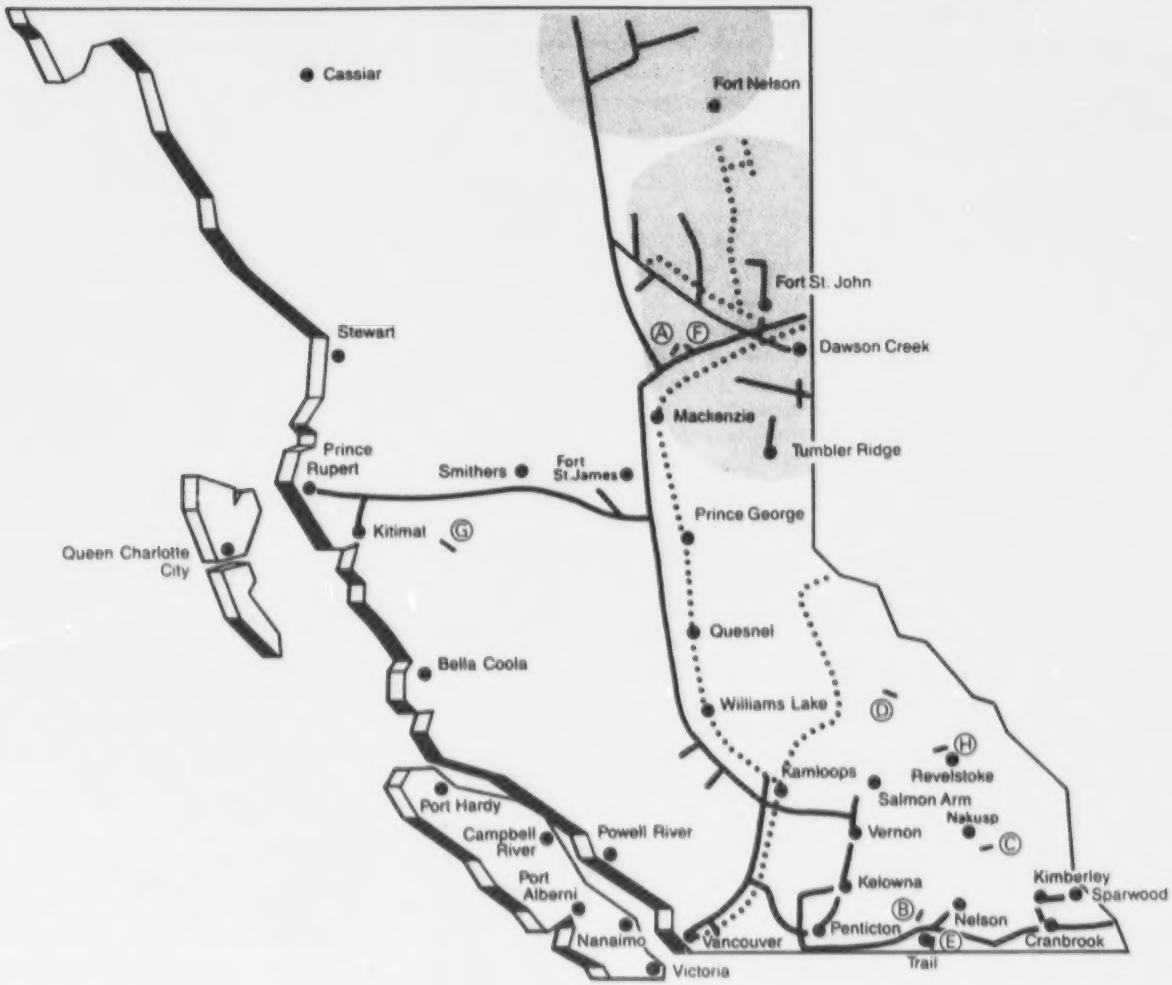
During 1988 the value of metals produced in the province increased nearly 15.7 per cent to $1.7 billion. Most significant was a 15.0 per cent rise in the value of copper production brought about by higher world prices. Lead and zinc output recovered from the previous year's low level. While production of gold and silver increased, lower average prices for these precious metals resulted in a slight decrease in the value of shipments. Output of molybdenum was down from the particularly high level of 1987.

The Sullivan mine at Kimberley is one of the world's major sources of lead and zinc. Concentrates are processed at Trail, site of one of the largest non-ferrous smelters in the world. The Trail smelter is currently being upgraded and expanded.

Many outstanding new metal mines have been developed since 1960, including Afton, Brenda, Endako, Valley Copper, Island Copper, Westmin, Equity Silver, Gibraltar, Bell and Similco. Highland Valley Copper, an amalgamation of the Lornex, Bethlehem and Highmont operations, is now one of the world's largest copper mines.

Chart 4.6 British Columbia Metallic Minerals – Production and Prices





Operating Pipelines	
PETROLEUM	.....
NATURAL GAS	———
MAIN AREAS OF OIL AND GAS PRODUCTION	▭

	Dams	Rivers	Lakes/Reservoirs
A	W.A.C. Bennett	Peace	Williston
B	Hugh Keenleyside	Columbia	Arrow
C	Duncan	Kootenay	Duncan
D	Mica	Columbia	Kinbasket
E	Seven Mile	Pend d'Oreille	Seven Mile
F	Peace Canyon	Peace	Dinosaur
G	Kenney	Nechako	Nechako
H	Revelstoke	Columbia	Revelstoke

Industrial Minerals and Structural Materials

The total value of production of industrial minerals including asbestos, barite, gypsum and sulphur and others, is estimated at $118 million in 1988, down $7 million from 1987 primarily because of lower prices for sulphur. The 1988 value of production of structural materials, which includes cement, sand and gravel, was $298 million, up from $259 million in 1987.

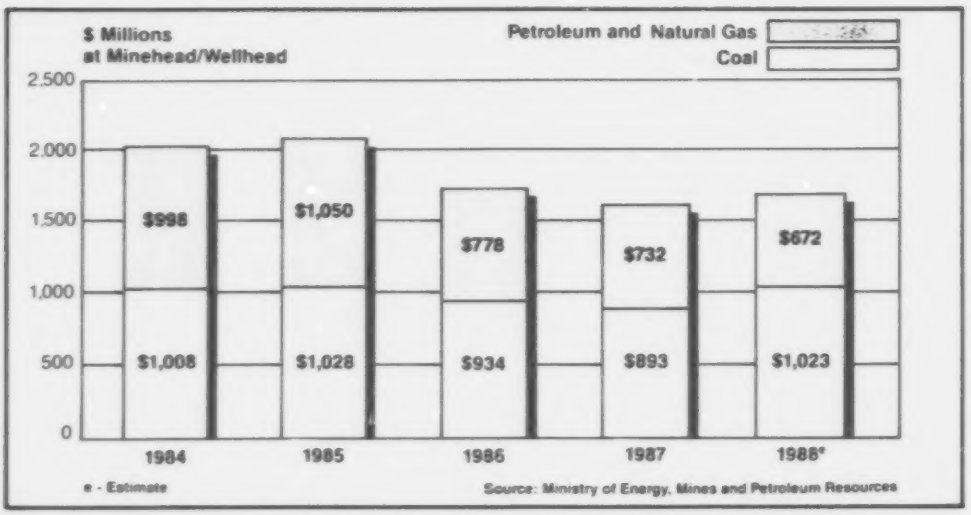
Mineral Exploration

Mineral claim staking remained close to the previous year's level with 76,478 claims recorded in 1988, compared with 77,661 in 1987. Total exploration expenditures during 1988 are estimated at $196 million, up 36.1 per cent from 1987. Most of the recent exploration has been directed toward discovery and delineation of high-grade polymetallic deposits, with particular emphasis in the northwest corner of the province, the Cariboo, southern Chilcotin, Adams Lake, Similkameen, central Vancouver Island and the Kootenays.

Energy

British Columbia has a diverse and abundant energy resource base and is self-sufficient in all energy sources except oil. Three-quarters of British Columbia's oil supply is imported, mainly from Alberta, but these imports are more than offset by large exports of coal, natural gas and electricity, making British Columbia a net exporter of energy. Chart 4.8 provides a breakdown of energy production and consumption in 1988.

Chart 4.7 Value of British Columbia Mineral Fuels Production

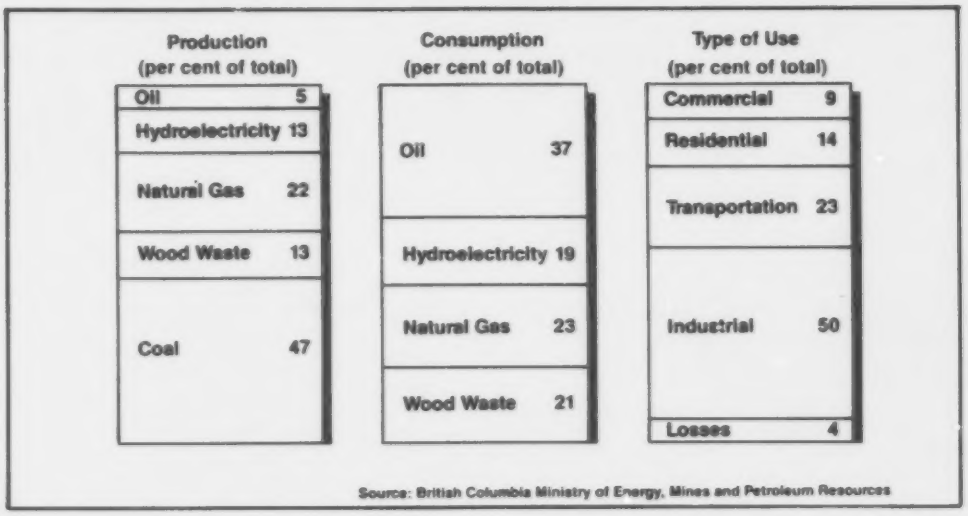


Coal

Metallurgical and thermal coal is mined and exported by four producers in the East Kootenay — Crowsnest coalfields, and two in the Northeast coalfields. Both areas contain numerous other deposits that could be brought into production. Additionally, there is considerable interest in the coalfields of the northwest and Vancouver Island. The Quinsam mine near Campbell River is being developed in stages as markets are found. Crows Nest Resources is proceeding with a proposal for a thermal coal mine near Smithers, and Gulf Resources is carrying out feasibility studies for a major anthracite mine at Mount Klappan, northeast of Stewart.

Coal continues to be British Columbia's most valuable mineral product. The value of coal production rose 14.6 per cent to $1 billion in 1988. Increased shipments of higher-valued metallurgical coal accounted for most of the rise.

Chart 4.8 Primary Energy Production and Consumption, 1988



Source: British Columbia Ministry of Energy, Mines and Petroleum Resources

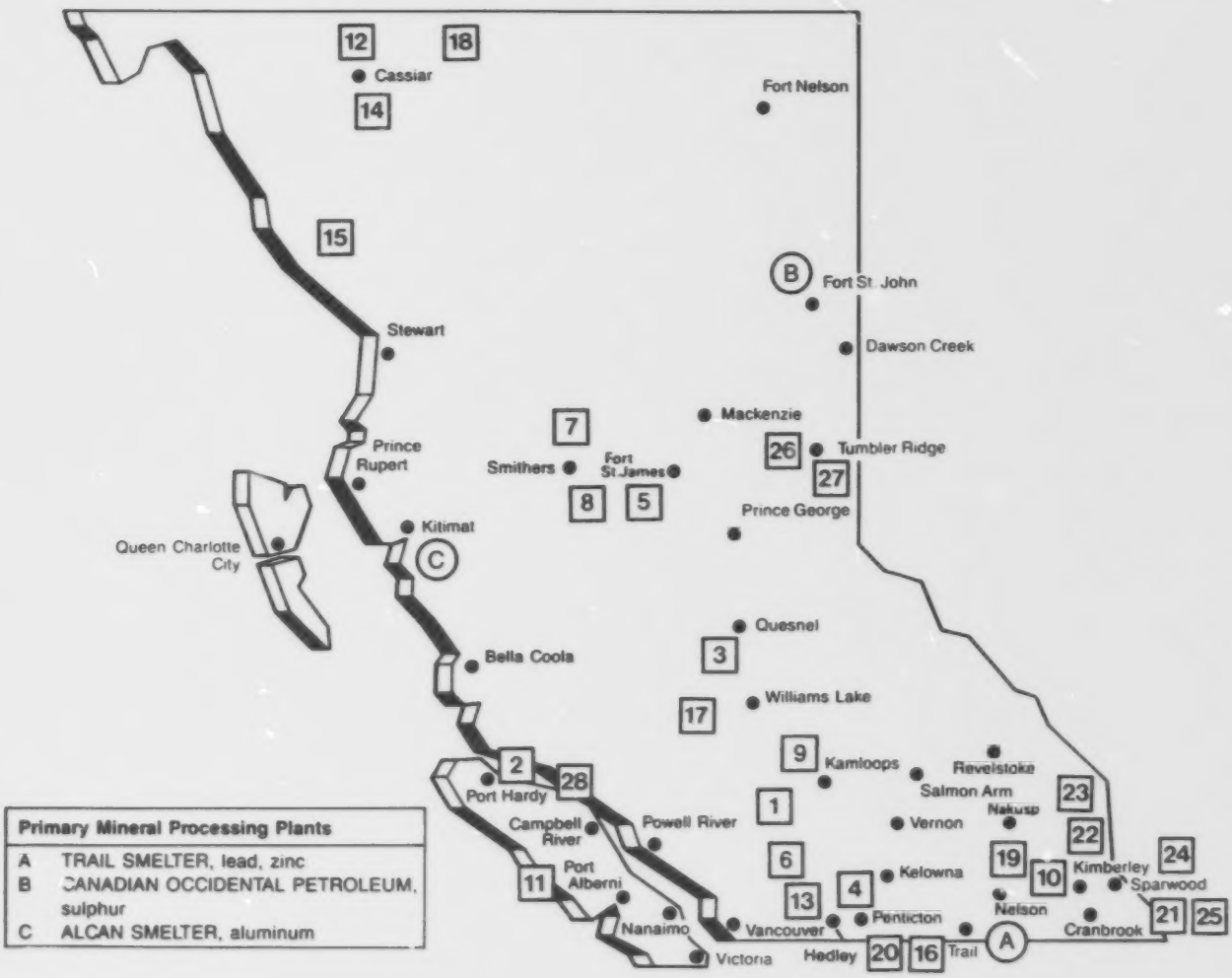
Petroleum and Natural Gas

The northeastern part of the province is an extension of the Great Plains region and the only sedimentary area in British Columbia that is currently producing oil and gas. Westcoast Energy's gas pipeline from the Peace River district to Vancouver was built in the mid-1950s to provide a market for these vast hydrocarbon resources. An additional pipeline was later laid between Fort Nelson and the original pipeline at Chetwynd. Pipelines now serve markets in the Lower Mainland, Cariboo, Okanagan, Kootenays and centres from Prince George to Prince Rupert. Plans are well advanced on extending natural gas service to Vancouver Island. Condensate, butane and propane are extracted from a gas cleaning plant at Taylor (near Fort St. John) and sulphur is scrubbed from sour gas at plants at Chetwynd, Fort Nelson and Taylor. Westcoast Energy also operates an oil pipeline between Taylor and Kamloops where it connects with the Trans Mountain Pipeline from Edmonton to Vancouver.

Petroleum and natural gas exploration rebounded in 1988 with 188 wells drilled, 51 more than the previous year.

The value of petroleum and natural gas production in 1988 decreased to $672 million from $732 million in 1987. A decline in world oil prices during 1988 resulted in a 25.6 per cent decrease in the value of crude oil production. Natural gas prices remained steady in 1988, but a 4.8 per cent increase in production volume over 1987 increased the value of production by 6.0 per cent.

Map 4.4 Provincial Pipeline Network and Major Hydroelectric Dams



Primary Mineral Processing Plants	
A	TRAIL SMELTER, lead, zinc
B	CANADIAN OCCIDENTAL PETROLEUM, sulphur
C	ALCAN SMELTER, aluminum

	Company (Mine)	Location	Daily Operating Capacity (tonnes)	Products
1	Highland Valley Copper Ltd (Highland Valley Copper)	Highland Valley	120,000	Gold, silver, copper, molybdenum
2	Utah Mines Ltd. (Island Copper)	Rupert Inlet	47,000	Copper, molybdenum, gold, silver
3	Gibraltar Mines Ltd. (Gibraltar)	Granite Mountain	36,000	Gold, silver, copper, molybdenum
4	Brenda Mines Ltd. (Brenda)	Peachland	30,000	Gold, silver, copper, molybdenum
5	Placer Dome Ltd. (Endako)	Fraser Lake	30,000	Molybdenum
6	Similco Mines Ltd. (Similco)	Princeton	22,000	Gold, silver, copper
7	Noranda Inc. (Bell)	Babine Lake	17,000	Gold, silver copper
8	Equity Silver Mines Ltd. (Equity Silver)	Houston	10,000	Copper, gold, silver
9	Afton Mines Ltd. (Afton)	Kamloops	7,700	Copper, gold, silver
10	Cominco Ltd. (Sullivan)	Kimberley	7,500	Silver, lead, zinc, iron
11	Westmin Resources Ltd. (Myra Falls)	Buttle Lake	3,500	Copper, zinc, lead, silver, gold
12	Cassiar Mining Corp. (Cassiar)	Cassiar	3,500	Asbestos
13	Corona Corp. (Nickel Plate)	Hedley	2,500	Gold, silver
14	Total Erickson Resources Ltd. (Erickson)	Cassiar	280	Gold, silver
15	Skyline Explorations Ltd. (Johnny Mountain)	Iskut River	270	Gold, silver
16	Skylark Resources Ltd. (Skylark)	Greenwood	270	Silver, copper, lead, zinc
17	Blackdome Mining Corp. (Blackdome)	Clinton	185	Gold, silver
18	Taurus Resources Ltd. (Taurus)	Cassiar	110	Gold, silver
19	Dickenson Mines Ltd. (Silvana)	Slocan Lake	100	Silver, lead, zinc
20	Teck Corp. (Beaverdell)	Beaverdell	100	Silver, lead, zinc
21	Westar Mining Ltd. (Balmer)	Sparwood	n/a	Coal
22	Westar Mining Ltd. (Greenhills)	Elkford	n/a	Coal
23	Fording Coal Ltd. (Fording)	Elkford	n/a	Coal
24	Crows Nest Resources Ltd. (Line Creek)	Sparwood	n/a	Coal
25	Byron Creek Collieries Ltd. (Byron Creek)	Sparwood	n/a	Coal
26	Teck Corporation (Bullmoose)	Tumbler Ridge	n/a	Coal
27	Denison Mines Ltd. (Quintette)	Tumbler Ridge	n/a	Coal
28	Brinco Coal Ltd. (Quinsam)	Campbell Lake	n/a	Coal

Table 4.6 Indicators of Activity in Petroleum and Natural Gas

Indicator	Unit of measure	1987	1988	Change 1987–1988
				(per cent)
Oil production	(thousand cubic metres)	2,083	1,928	−7.4
Natural gas production (to pipeline)	(thousand cubic metres)	9,826	10,300	4.8
Wells authorized	(number)	165	210	27.3
Wells drilled	(number)	137	188	37.2
Seismic crew-weeks		143	310	116.8
Provincial reserves				
Oil (remaining reserves)	(million cubic metres)	17	17	—
Raw gas (remaining reserves)	(billion cubic metres)	264	256	−3.0
Provincial government petroleum and natural gas revenue[1]	($ millions)	198	240	21.2

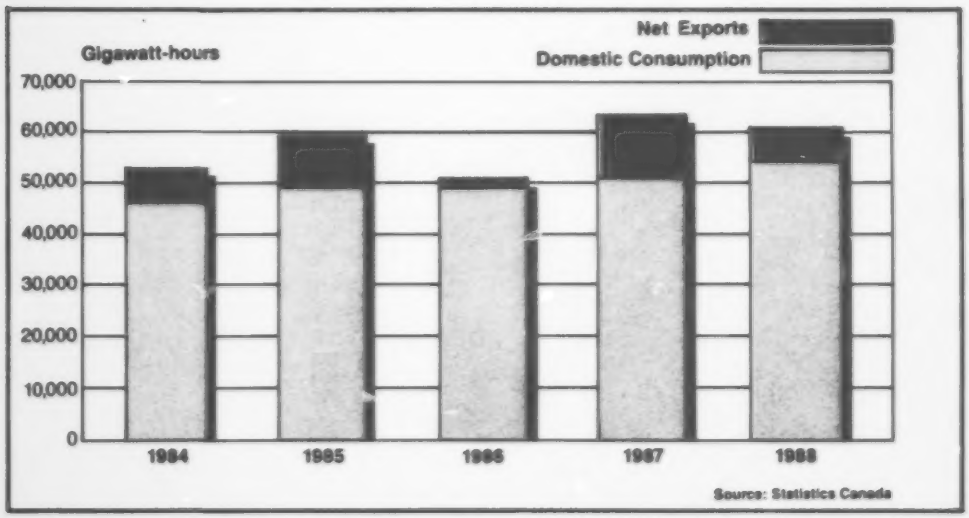
[1] Fiscal year basis (e.g., 1988 represents the year ending March 31, 1989).
Source: Ministry of Energy, Mines and Petroleum Resources.

Electric Generation

Canada has one quarter of the world's fresh water supplies, of which one-third is in British Columbia. This has led to the development of 12.8 gigawatts of electrical generating capacity in the province, consisting of 11.1 gigawatts of hydroelectric capacity and 1.7 gigawatts of thermal-electric capacity. The availability of this competitively priced energy, which supplies about 20 per cent of the province's energy requirement, continues to be a strong inducement for new energy-intensive industries to locate in the province.

Appendix Table A4.7 lists the principal power producers. Map 4.3 shows the locations of the largest hydroelectric dams and Appendix Table A4.8 provides data on the ten largest power plants in British Columbia.

Chart 4.9 British Columbia Electric Power Generation



Total provincial generation of electricity was 60,943 gigawatt-hours in 1988, a decrease of 3.4 per cent from 1987. Hydroelectric generation declined 4.1 per cent and thermal generation rose by 18.0 per cent. Domestic provincial consumption increased by 6.1 per cent to 54,078 gigawatt-hours, while net exports declined by 43.4 per cent (see Chart 4.9 and Appendix Table A4.6).

Agriculture

Only 4 per cent of the total provincial land area is considered arable or potentially arable and 16.5 per cent has some agricultural capability. Farm holdings (19,063 farms in 1986) cover 2.4 million hectares of which 900,000 are improved land. An estimated 7.4 million hectares, of which over five million hectares are Crown land, are classed as open or forested grazing land utilized by the ranching industry. All arable soils have been mapped and classified on the basis of quality, and the best classes have been placed within the Agricultural Land Reserve to be maintained for agricultural and related purposes. According to the 1986 Census of Agriculture, the average census farm was 127 hectares. However, farm size varies greatly depending on the type of activity, from thousands of hectares in grain or ranching enterprises to less than five hectares in mushroom, greenhouse and poultry businesses.

Agriculture in British Columbia is distinguished by its diversity. Some of the activities carried out by provincial farmers include: dairying, cattle-ranching, poultry-raising, and the growing of tree fruits, vegetables, berries, grapes, mushrooms, bulbs, and ornamental flowers and shrubs. Agriculture is the province's third largest resource industry, behind forestry and mining. British Columbia ranks sixth among the provinces in farm cash receipts and fourth in the value of food processing activities.

Farm Cash Receipts

Farm cash receipts were an estimated $1,118 million during 1988, up 5.1 percent from the previous year (see Table 4.7). Total production expenses rose 6.2 per cent to $968 million in 1988 and net farm income rose 5.6 per cent, reaching $182 million.

Table 4.7 British Columbia Farm Cash Receipts

Commodity	1987	1988[1]	Change 1987–1988
	($ millions)		(per cent)
Horticultural crops	288.8	291.1	0.8
Dairy products	231.3	237.4	2.6
Cattle and calves	186.0	186.1	0.1
Poultry and eggs	174.4	185.1	6.1
Program receipts[2]	52.5	85.9	63.6
Other products	56.1	63.9	13.9
Hogs	49.1	43.3	−11.8
Grains and oilseeds	25.2	24.9	−1.2
Total[3]	1,063.3	1,117.8	5.1

[1] Preliminary.
[2] Includes receipts from government programs which enhance farm income or reduce expenses.
[3] Totals may not add due to rounding.
Source: Statistics Canada.

Livestock and Related Products

The largest component of the agriculture industry is dairying which regularly accounts for almost one-quarter of total farm cash receipts. Large dairy herds are concentrated in the Lower Mainland, southeastern Vancouver Island and the North Okanagan-Shuswap area. Smaller concentrations are found near Creston, Smithers, Vanderhoof, Prince George, Dawson Creek and Fort St. John.

Cattle ranching is carried out primarily on the range lands of the southern and central interior, the Peace River district and the Kootenays, but more intensive beef farming is found in conjunction with dairying. Hog and poultry production remains concentrated near Greater Vancouver and Victoria, although most population centres support these activities.

Receipts from livestock and related products rose 1.2 per cent to $680 million in 1988. The bulk of the increase was attributable to increased receipts from poultry, dairy products, cattle and calves. These gains offset an 11.7 per cent drop in receipts from hogs.

Fruit, Vegetables and Field Crops

Southern interior valleys, principally the Okanagan, are well-suited to the production of tree fruits and grapes. The cooler and wetter climate of the lower Fraser Valley and southern Vancouver Island favours berry crops and vegetables. Most of the province's grain, oilseeds and forage seeds are grown in the Peace River district. Greenhouse crops, nursery products, mushrooms and other specialty crops tend to be concentrated in the southwestern corner of the province.

Farm cash receipts from these crops increased 3.8 per cent to $352 million. Performance within the various components was mixed, with a fractional gain in returns from horticultural crops more than offsetting a drop in income from grains and oilseeds.

Food and Beverage Industries

Food processing in the province utilizes both locally produced agricultural products (canned and frozen fruits and vegetables, fruit drinks, wine, poultry, dairy products, beef and pork products) and those produced elsewhere (sugar, soft drinks, coffee, tropical fruits). A number of products comprise various combinations of local and imported ingredients. The processing industry is largely confined to the Lower Mainland, Okanagan Valley and southern Vancouver Island, with the exception of minor quantities of dairy products, meats and animal feeds produced in the outlying parts of the province.

The manufactured value of food and beverage products processed in British Columbia reached an estimated $3.3 billion in 1988, little changed from 1987. At the retail level, sales of food and non-alcoholic beverages from stores reached an estimated $5.0 billion, up 6.4 per cent from 1987. Sales by restaurants, caterers and taverns increased 7.7 per cent to an estimated $2.0 billion.

Fisheries

More than 20 species of fish and marine animals indigenous to provincial waters are harvested and marketed by British Columbia's fishing and aquaculture industry. The fishing industry is highly cyclical with landings dependent on fluctuations in stocks of individual species. In addition, prices are largely determined on world markets over which the provincial industry has little direct influence.

Structure of the Industry

There were 20,613 valid commercial fishing licences in British Columbia in 1988. The industry also supports a large number of shoreworkers in fish processing plants and shipyards. Approximately 210 companies with 228 plants processed fish in 1988. The processing sector is centralized at Prince Rupert and Greater Vancouver, although a number of small plants operate in coastal communities close to the fishing grounds. Excluding packers and processors, a total of 6,285 vessels were licenced to fish commercially in British Columbia in 1988.

Federal and provincial authorities both exercise control over the industry. The federal Department of Fisheries and Oceans assumes responsibility for the protection and conservation of fisheries. The Aquaculture and Commercial Fisheries Branch of the British Columbia Ministry of Agriculture and Fisheries assumes control after the fish are caught and removed from the water.

Salmon is the most important component of the industry, followed by roe herring, groundfish varieties and shellfish. In 1988, the fish catch reached a record landed value of $457 million and a wholesale value of $868 million, up 3.6 per cent and 8.6 per cent, respectively, from 1987.

Table 4.8 Value of British Columbia Fish Production

Species	Landed Value[1] 1987	1988[3]	Change 1987–1988	Wholesale Value[2] 1987	1988[3]	Change 1987–1988
	($ millions)		(per cent)	($ millions)		(per cent)
Salmon	212	260	22.6	426	535	25.6
Herring	107	88	−17.8	174	163	−6.3
Halibut[4]	28	21	−25.0	38	26	−31.6
Groundfish[5]	60	54	−10.0	105	98	−6.7
Shellfish	35	35	—	56	46	−17.9
Total[6]	441	457	3.6	799	868	8.6

[1] Value of raw fish landed at dock.
[2] Value of fish wholly or partially processed, and raw fish sold through brokers.
[3] Preliminary.
[4] Includes halibut landings at U.S. ports by British Columbia fishermen.
[5] Includes hake landings to foreign vessels in co-operative fishing arrangments, plus minor fish species not listed.
[6] Totals may not add due to rounding.
Sources: Ministry of Agriculture and Fisheries, and Department of Fisheries and Oceans, Canada.

Salmon

The salmon harvest in 1988 had a landed value of $260 million and wholesale value of $535 million. Aquaculture operations contributed only a small part of these totals but their share continued to rise rapidly. The 1988 salmon pack reached 1.2 million cases, an increase of 17.3 per cent over 1987, but well below previous peaks. Salmon may be sold fresh, chilled, frozen or canned, or it may be filleted or smoked for specialty markets.

Herring

The value of herring landings surged in 1987, but fell 17.8 per cent in 1988 to $88 million. The wholesale value of $163 million was down only 6.3 per cent. The 1988 catch values were the second highest totals recorded since 1979 when prices reached exceptional levels. The roe herring fishery occurs in the spring of each year and, after the roe is extracted from the mature fish, the carcasses are processed for animal feed or fertilizer. A small food and bait fishery also contributes to catch values. Japan is the main market for British Columbia's herring roe where it is a traditional delicacy.

Halibut

Halibut landings rose between 1982 and 1987 as international conservation measures proved effective in increasing stocks. Landings in 1988 were off from the previous year at $21 million and the wholesale value was also lower at $26 million. However, the value of landings was the second-highest in more than a decade.

Aquaculture

The commercial aquaculture sector is expanding rapidly. The number of aquaculture operations increased 24 per cent to 732 in 1988. They included 118 salmon farms, 153 trout farms, 414 oyster farms, three marine plant farms and 44 broodstock hatcheries. Total aquaculture production was valued at $36 million in 1988, more than triple the value of the previous year.

The strength of the industry in British Columbia is the result of oceanographic conditions along the province's coastline which are ideal for the cultivation of fish and shellfish. Aquaculture is an industry with substantial growth potential as most of the new entrants are not yet producing to capacity. Although most of the recently established enterprises are based on salmon, there is considerable interest in improved methods of raising oysters, scallops, shellfish and marine plants.

Exports

In 1988, exports of fresh, chilled or frozen whole fish and fillets were valued at $323 million, fish liver and roe at $172 million and canned or smoked fish, at $147 million. Japan is the largest market for these products, followed by the European Community and the United States.

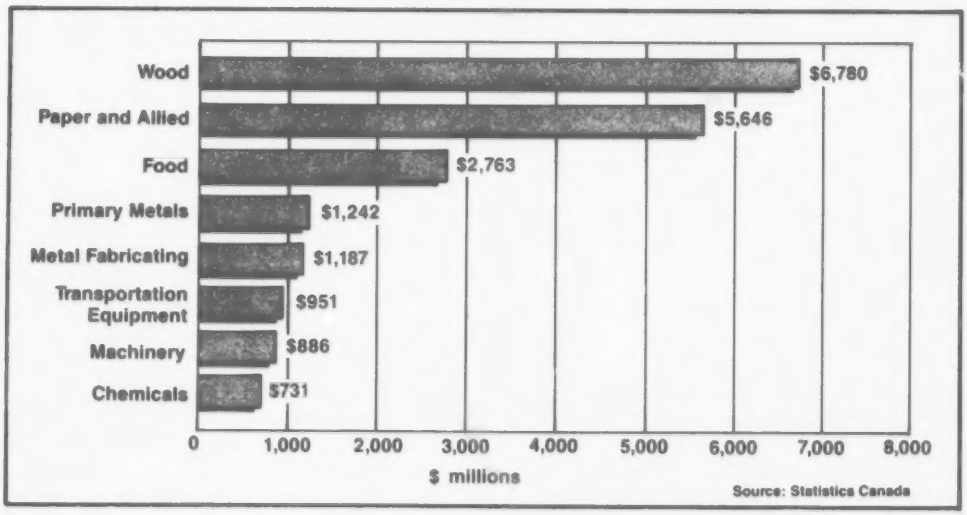
Manufacturing

The province's manufacturing industries are largely resource-based with a major emphasis on forest products, refined non-ferrous metals, fisheries products, processed agricultural products and petroleum products. Nevertheless, the most rapid growth has been in secondary manufacturing, which constitutes about one-quarter of total shipments.

Total manufacturing shipments in 1988 were valued at $25.2 billion, 7.2 per cent more than in 1987 (see Appendix Table A4.11). In 1988, the manufacturing sector employed 166,000 persons and accounted for 16 per cent of British Columbia's gross domestic product.

The wood and paper and allied industries together accounted for almost half of total factory shipments in 1988. The importance of these industries is expected to continue for the foreseeable future although greater emphasis is expected to be placed on value-added products. For example, a higher proportion of pulp production is being utilized to make specialized paper products and more lumber is now remanufactured into siding, furniture components, door and window stock, and other end-use products.

Chart 4.10 British Columbia Manufacturing Shipments by Industry, 1988



Secondary Manufacturing

Three leading industries in this sector are fabricated metal products, transportation equipment and machinery. Combined factory shipments totalled just over $3 billion in 1988 while employment reached about 29,000. These three groups produce structural components and/or capital goods and operating equipment and have therefore enjoyed the benefits of recent high levels of capital investment and output in the primary resource sectors, both within Canada and abroad. The transportation equipment group has grown much less than the other two, largely because of a contraction of shipbuilding activity in response to excess capacity and weak markets. On the other hand, the sub-sea component, which provides sophisticated technology for offshore oil development, environmental research/monitoring and other marine applications, and the aerospace component have both experienced substantial growth. New or expanded capacity has been built recently for the production of specialty aircraft, aircraft parts and automotive parts such as aluminum wheels.

Other important secondary manufacturing in the province includes consumer-oriented industries. This category encompasses such groups as furniture and fixtures, and sports and fashion clothing. New products in the general consumer category include disposable diapers, pet supplies, sports equipment and a wide range of specialty foods and beverages.

The fast-growing electronics group is particularly noted for its achievements in communications, remote sensing and computer technology.

Because domestic markets are limited, manufacturers must look to export markets if they are to continue to grow at a healthy rate. Secondary manufacturing sectors that appear to be particularly cost competitive with respect to the United States, and should therefore benefit from the Free Trade Agreement, include chemicals, clothing, furniture, machinery, metal fabricating and plastics.

Geographical Distribution of Manufacturing Activity

The location of resources, centres of population and transportation factors determine the regional distribution of manufacturing activity within British Columbia. The Greater Vancouver area has developed as the major manufacturing centre followed by Vancouver Island. The Prince Rupert-Kitimat area has forest products, fish processing, aluminum refining, methanol and ammonia production. Wood products, food and beverage processing, trucks, mobile homes and recreational vehicles are the principal manufacturing industries in the Okanagan. Trail, in the Kootenays, is the location of a major lead-zinc smelter and fertilizer plant. The remainder of the province is mainly dominated by the manufacturing of forest products.

Capital and Repair Expenditures

Capital and repair expenditures are an important indicator of the level of economic activity and well-being of the province. Capital expenditures represent new capital outlays for construction, machinery and equipment, while repair expenditures help maintain and improve existing durable assets. In 1988, capital and repair expenditures in British Columbia totalled $17.3 billion, up 12.9 per cent from 1987.

Prior to 1987, capital and repair expenditures peaked in 1981 followed by a period of slow growth in capital spending. Relatively weak international markets for many of the province's major resource products and significant amounts of idle industrial capacity combined to dampen investment during this period. Between 1982 and 1987, a disproportionate share of investment outlays were for repairs and modifications rather than for new production facilities. Activities in the trade, finance and commercial services sectors, as well as the public sector, provided substantial support for the construction industry during this period. Major resource projects beginning in the latter part of 1987 led to a new record high level of capital and repair expenditures in that year and again in 1988.

Table 4.9 Capital and Repair Expenditures in British Columbia by Sector

Sector	1987[1]	1988[2]	1989[3]	Change 1988–1989
		($ millions)		(per cent)
Housing	3,597.1	4,108.1	4,671.7	13.7
Manufacturing	2,449.5	3,067.1	3,974.0	29.6
Trade, finance and commercial	2,576.4	2,888.2	3,263.7	13.0
Transportation, communications and utilities	2,399.9	2,585.8	2,899.1	12.1
Institutions and government departments	2,279.8	2,323.4	2,803.8	20.7
Mining	1,091.8	1,322.5	1,435.0	8.5
Construction	310.2	325.2	378.4	16.4
Agriculture and fishing	255.6	313.8	339.7	8.3
Forestry (primary)	324.0	324.2	338.5	4.4
Total	15,284.3	17,258.3	20,103.9	16.5

[1] Actual.
[2] Preliminary actual.
[3] Revised intentions.
Source: Statistics Canada.

Construction

In 1988, British Columbia's $10.6 billion in construction activity was comprised of $7.1 billion for the construction of buildings and $3.5 billion for engineering projects. Most of the building construction involved residential structures ($4.2 billion), followed by commercial buildings ($1.6 billion) and institutional structures ($649 million). Engineering construction expenditures were for a variety of purposes including highway and road construction ($905 million), oil and gas wells ($481 million) and underground mines ($444 million).

Housing

Residential housing is an important part of the construction industry because of its size, its broad regional employment implications and its social importance. Housing starts in 1988 rose to 30,487 units, up 5.3 per cent from 1987 and a continuation of the steady upward trend observed since 1984.

Table 4.10 Dwelling Construction Starts in British Columbia by Type of Structure

Type of Structure	1984	1985	1986	1987	1988	Change 1987–1988
						(per cent)
Single detached	9,164	11,343	12,966	16,353	17,761	8.6
Two-family	337	372	565	862	959	11.3
Row	1,601	2,035	2,289	3,504	4,047	15.5
Apartment and other	5,067	4,219	4,867	8,225	7,720	−6.1
Total	16,169	17,969	20,687	28,944	30,487	5.3

Source: Statistics Canada.

Major Projects

Much of the province's construction activity during the first half of the 1980s was centered in the Greater Vancouver area and were associated with Expo 86. One of the biggest permanent legacies of Expo 86 is the Canada Place convention centre, cruise ship facility and hotel complex. Construction was completed in late 1985 on the SkyTrain rapid transit line, a $900 million commuter service between New Westminster and downtown Vancouver. Work is nearing completion on an extension to Surrey, which is scheduled for service in early 1990. Pacific Place, an urban redevelopment project encompassing much of the north side of False Creek — including much of the Expo site — is expected to begin in late 1989 or early 1990. It will involve over $2 billion in residential and commercial construction over the next 25 years. Other large residential-commercial projects underway or in the advanced stages of planning in Vancouver include a $400 million complex at the east end of False Creek and a $1 billion redevelopment of the railway yards along the Coal Harbour waterfront. Similar projects elsewhere in the province proceeding at a rapid pace are the $330 million New Westminster Quay project and the $420 million Pacific Point development on Songhees Lands on the Victoria waterfront.

In anticipation of future traffic increases, both CN Rail and CP Rail have been engaged in multi-year, billion-dollar upgrading and double-tracking efforts in British Columbia. The largest single component was CP Rail's $500 million tunnel and grade reduction project in Rogers Pass. Construction began in mid-1982 and was completed in 1988.

In the industrial and commercial sectors, major project completions in 1988 and the first half of 1989 included the northeast region's first pulp mill at Taylor, the first newsprint machine in the province's interior at Mackenzie, and a major gold-silver mine at Stewart. Major undertakings beginning in 1989, or continuing on into 1989, include: a pulp-newsprint expansion at Gold River ($320 million); the Kemano Completion hydroelectric power project ($600 million); a lead smelter expansion at Trail ($260 million); and, a pulp mill expansion at Kitimat ($125 million). Also underway were numerous smaller pulp mill upgrading/expansion projects and mining projects — particularly precious metals mines — across the province.

Industrial and commercial developments in the proposal stage include additional pulp and paper projects, of which the largest are expansions at Prince Rupert ($1 billion) and Mackenzie ($500 million), and new mills at Vanderhoof ($350 million) and on the north coast ($300 million). Power generation proposals by the private sector constitute the other leading group in this category. Candidates for development include the Murphy Creek hydro project ($650 million) and two thermal power plants in the East Kootenay ($740 million) that would utilize waste coal. Also in the energy sector, planning continued on the Vancouver Island natural gas pipeline ($485 million including distribution lines and conversions) and a late 1989 construction start is anticipated.

Retail Trade

As shown in Table 4.11, total retail sales reached $18.6 billion in 1988, up from $17.1 billion in 1987. This 8.7 per cent increase indicated another good year for the province's retailers and marked the fourth consecutive year in which overall retail sales grew more than 8 per cent.

Table 4.11 British Columbia Retail Sales

	1984	1985	1986	1987	1988	Change 1987–1988
			($ millions)			(per cent)
Chain Stores[1]	6,207	6,756	7,504	7,849	8,329	6.1
Independent Stores	6,797	7,548	8,063	9,268	10,280	10.9
Total[2] — All Stores	13,005	14,304	15,567	17,116	18,609	8.7

[1] Chain stores are organizations operating four or more retail outlets in the same kind of business under the same legal ownership.
[2] Totals may not add due to rounding.
Source: Statistics Canada.

The kinds of retail outlets with the strongest sales growth in 1988 are shown in Table 4.12. Among the leaders were retailers merchandising "big ticket items" such as furniture, appliances and automobiles, which are associated with economic expansion and strong consumer confidence. Another indication of the retail sector's strength is the opening of new shopping centres in the province's major urban areas.

Table 4.12 British Columbia Retail Sales by Selected Kind of Business

Kind of Business	1987	1988	Change 1987–1988
	($ millions)		(per cent)
Furniture, T.V., Radio and Appliance Stores	94.1	133.5	41.9
Garages	127.7	159.0	24.5
Personal Accessories Stores	266.3	327.5	23.0
Sporting Goods and Accessories Stores	290.8	337.8	16.2
Used Car Dealers	130.6	149.3	14.3
Florists	52.9	60.0	13.4
Men's Clothing Stores	136.2	153.7	12.8
Motor Vehicle Dealers	3,329.9	3,754.7	12.8
Book and Stationery Stores	92.4	103.3	11.8
Household Furniture Stores	170.5	189.7	11.3

Source: Statistics Canada.

Business and Personal Services

The business service sector includes such diverse enterprises as advertising, accounting, management consulting, architecture, computer services and consulting engineering. Personal services comprise a wide range of activity, including barber and beauty shops, laundries and dry cleaners, funeral services, shoe repair and many other business operations providing services to the individual.

Business Services

The business service sector is one of the most dynamic sectors of the provincial economy. Over the last ten years, real output has increased more than twofold, greater than any other major industry and almost 50 per cent higher than the economy as a whole. This rapid growth has had a large effect upon employment. In 1978, 39,000 British Columbians were employed in producing business services. By 1988, the number of workers in this sector had doubled to 80,000.

In addition to creating jobs, business services are important to British Columbia's economy in other ways. First, they are becoming increasingly important to other businesses in providing ways to raise productivity, add value to products, and assist in opening up new markets. Second, business services are an important source of export earnings by providing services to foreign clients. Because of British Columbia's expertise in areas such as transportation, communications and hydroelectric engineering, business service exports will likely play an even greater role in the British Columbia economy of the future.

Personal Services

Personal service industries are characterized by small, owner-operated establishments. Over 90 per cent of these businesses employ fewer than 20 people, and over 50 per cent of the businesses are operated by self-employed individuals. By comparison, only 5 per cent of total business establishments in the province are categorized as self-employed. The personal service sector has experienced healthy growth in the last decade, rising over 30 per cent in real output. Employment has increased from 43,000 in 1978 to 74,000 in 1988.

Finance, Insurance and Real Estate

The finance, insurance and real estate (FIRE) sector comprises a diverse number of businesses, including chartered banks, trust companies, credit unions, consumer loan companies, insurance carriers and agencies, real estate brokers, investment dealers and operators of commercial buildings and residential dwellings.

In 1988, the FIRE sector, including royalties and imputed rent, accounted for 17.9 per cent of British Columbia's gross domestic product and 6.7 per cent of total employment in the province, or 91,000 jobs. Approximately half the employment in this sector was in financial services while insurance and real estate accounted for the balance. Employment in the FIRE sector was 13.8 per cent higher in 1988 than in 1987 while the sectors gross domestic product was up an estimated 11.8 per cent.

Banking

During 1988, chartered bank deposits/liabilities in British Columbia grew 10.6 per cent. Total personal savings deposits grew 11.9 per cent, reflecting the strong provincial economy and the attraction of rising interest rates during the year. There was a decline in chequable savings deposits, but a large increase in non-chequable savings deposits. This was probably the result of rising interest rates inducing people to shift their money from low-yield chequing accounts to higher-yielding daily interest savings accounts.

Chartered banks' loans/assets in British Columbia averaged $37.0 billion in 1988 while deposits/liabilities averaged $36.5 billion. Total chartered bank loans/assets

A NEW ERA OF FINANCIAL REGULATION

Two comprehensive new statutes governing all provincially regulated financial institutions were given Royal Assent in the spring 1989 session of the British Columbia Legislature. The *Financial Institutions Act* and the *Credit Union Incorporation Act* are the culmination of an extensive two-year consultation process which began in November 1986, when the provincial government announced its intent to reform the regulation of the province's financial services sector. Participation and input were received from representatives of all segments of the financial institutions sector, from other jurisdictions and from other interested parties.

Financial Institutions Act (FIA)

A major impact of the FIA will be an increase in consumer protection. However, that protection is being achieved without imposing unnecessary regulatory burdens on financial institutions. Care has been taken to ensure that British Columbia financial institutions stay competitive in a rapidly changing financial environment. The result will be both increased public protection and the potential for a strong, indigenous financial sector.

The FIA provides the regulatory framework for the operation of trust companies, insurance companies and credit unions. It will result in a more uniform and consistent approach to the regulation of financial institutions by consolidating a number of similar regulatory provisions from three different acts into a single statute.

Significant provisions of the FIA are as follows.

- Incorporation and reorganization procedures for trust and insurance companies are made simpler and more uniform. New procedures, such as obtaining prior ministerial approval, will ensure that only those institutions with a reasonable chance of success will be incorporated.
- Replacement and rationalization of existing licensing and registration processes with a requirement that all financial institutions obtain a "business authorization" before conducting business. Review procedures will ensure that the regulator has the opportunity to assess the viability of an institution and be satisfied that safeguards have been met before the provision of services commences.
- Flexible investment and lending rules are established which enable a financial institution to diversify and remain competitive while, at the same time, providing a number of comprehensive safeguards for the public.
- Comprehensive rules restricting non-arm's length transactions (self-dealing) will strike a balance between the need to constrain related party influence and the need to avoid placing unreasonable restrictions on the operation of financial institutions.
- Capital requirements will provide a reasonable balance between preventing insolvency and not unreasonably impeding the growth and development of financial institutions.
- The responsibilities of directors and officers of a financial institution to manage its affairs are expanded and the standard of care for directors and officers is raised.
- Rules permitting financial institutions to market the financial services and products of other institutions, with the exception of insurance, are provided.
- Comprehensive regulatory sanctions, ranging from superintendent's cease and desist orders to the minister revoking a business authorization and imposing a receiver, are provided. These rules are balanced with fair hearing and appeal procedures.

A NEW ERA OF FINANCIAL REGULATION — *Continued*

- In order to strike a balance between effective deterrence and over-regulation, the FIA establishes a range of maximum penalties from $2,000 for less serious infractions, to $200,000 and/or two years imprisonment for subsequent convictions for potentially serious offences.
- The FIA will enable the credit union system to establish a stabilization authority with delegated powers to supervise credit unions in need of assistance.

The FIA also establishes an important new provincial regulatory organization, the Financial Institutions Commission, which combines the regulatory functions of the Office of the Superintendent of Financial Institutions and the deposit insurance functions of the Credit Union Deposit Insurance Corporation of British Columbia. The commission will ensure that financial institutions in British Columbia are regulated by a single agency, possessing a high degree of expertise and a strong mandate to oversee public protection while imposing the lowest possible compliance burden on the industry.

With the creation of the commission, British Columbia becomes the first Canadian jurisdiction to act on Mr. Justice Willard Estey's recommendation to combine regulatory bodies with the deposit insurer in order to provide better public protection and to reduce industry compliance costs.

Credit Union Incorporation Act (CUIA)

The CUIA establishes a corporate law framework for credit unions which is consistent with that applicable to trust and insurance companies, but which explicitly recognizes the unique, "cooperative" nature of credit unions.

This act provides credit unions and their members with a straightforward statute dealing exclusively with credit union corporate law. It replaces and clarifies provisions contained in the current *Credit Union Act*, which is being repealed by the FIA.

Incorporations will be carried out in accordance with procedures generally consistent with those found in the FIA. The CUIA will permit credit unions to reorganize using procedures that follow those currently contained in the *Credit Union Act*, with some minor differences resulting from the regulatory framework established by the FIA.

The CUIA will improve the ability of credit unions to raise capital to support business operations with new provisions which permit credit unions to create more than one class of shares and to issue equity shares to non-members. However, non-members will not be entitled to vote or to hold office in a credit union.

Other significant features of the CUIA are as follows.

- Expansion and clarification of membership rules and entrenchment of the cooperative principle of "one member/one vote".
- Addition of membership termination provisions which give members terminated by the directors a right to appeal.
- A requirement that credit unions have a distinct class of equity shares, to be known as membership shares, by June 30, 1991. Each member of a credit union must have at least five membership shares as a condition of membership.

The two new statutes provide British Columbia with a modern and effective regulatory framework which enhances public protection while encouraging a strong, balanced financial sector. These statutes make British Columbia the first Canadian jurisdiction to implement the major principles of regulatory reform debated throughout the country in recent years in such a balanced and comprehensive way.

grew 7.1 per cent during 1988. The value of personal loans increased 11.9 per cent while residential mortgage lending rose 11.6 per cent. There was a large increase in the value of non-residential mortgage lending, reflecting the strength of commercial and industrial construction in British Columbia. Business loans increased 8.2 per cent in 1988. The slow growth in the value of business loans relative to personal loans was probably the result of strong corporate cash flows which reduced the need for borrowing.

Broadly similar patterns of activity were evident among other deposit-taking and lending institutions.

Deposits at trust companies operating in British Columbia totalled slightly over $5 billion in 1988, up 22.6 per cent from 1987. At the province's credit unions, deposits rose from $6.4 billion at the end of 1987 to over $7.3 billion at the end of 1988, a 13.1 per cent increase. Loans by credit unions increased 6.5 per cent during the period.

Vancouver Stock Exchange

As indicated in Table 4.13, the volume and value of shares traded on the Vancouver Stock Exchange dropped sharply during 1988. This reflects the erosion of interest in equities in the wake of the October 1987 stock market crash and investors' flight to blue-chip stocks with larger capitalization which are typically traded on the larger exchanges in Toronto and New York. However, prices and trading volumes on the Vancouver Stock Exchange rose sharply in August 1989, spurred by reports of a major gold discovery in northern British Columbia.

Table 4.13 Indicators of British Columbia Financial Activity

Indicator	Units	1987	1988	Change 1987–1988
				(per cent)
Chartered Banks				
Employees (Oct. 31)	(number)	18,104	18,362	1.4
Branches (Oct. 31)	(number)	812	801	–1.4
Automated banking machines (April 30)	(number)	557	606	8.8
Business loans outstanding (Dec. 31)	($ millions)	7,229	7,819	8.2
Personal loans outstanding (Dec. 31)	($ millions)	6,056	6,777	11.9
Credit Unions (Dec. 31)				
Credit unions	(number)	122	118	–3.3
Locations	(number)	283	280	–1.1
Members	(thousands)	988	1,014	2.6
Total assets	($ millions)	7,129	7,995	12.1
Vancouver Stock Exchange				
Volume of shares traded	(millions)	4,795	3,473	–27.6
Value of shares traded	($ millions)	6,650	3,258	–51.0
Transactions	(thousands)	3,107	1,710	–45.0

Sources: Chartered Banks — Canadian Bankers' Association.
Credit Unions — B.C. Central Credit Union.
Vancouver Stock Exchange — Vancouver Stock Exchange.

Real Estate

A high level of demand for housing fuelled activity in the British Columbia real estate market in 1988 (see Table 4.14). Housing starts totalled 30,487, up 5.3 per cent from 1987 and Statistics Canada's price index for new housing in Vancouver rose a moderate 5.2 per cent. The market for existing houses was very strong as Multiple Listing Service (MLS) sales volumes were up 19.7 per cent. The average MLS selling price in the province rose from approximately $102,000 in 1987 to just over $121,000 in 1988, an 18.8 per cent increase. The growing demand for housing also affected the rental market. Between April, 1987 and October, 1988, apartment vacancy rates dropped from 1.1 per cent to 0.3 per cent in Victoria and from 2.3 per cent to 0.4 per cent in Vancouver.

Table 4.14 British Columbia Real Estate Market Indicators

Indicator	Units	1987	1988	Change 1987-88
				(per cent)
Housing Starts				
Single units	(number)	16,353	17,761	8.6
Multiple units	(number)	12,591	12,726	1.1
Total	(number)	28,944	30,487	5.3
Multiple Listing Service Activity				
Sales of listed homes	(number)	56,376	67,460	19.7
Average price	(dollars)	101,916	121,039	18.8
Apartment Vacancy Rates[1]				
Vancouver	(per cent)	1.7	0.7	—
Victoria	(per cent)	0.8	0.7	—

[1] Average of April and October vacancy rate surveys.
Source: Canada Mortgage and Housing Corporation.

Tourism

British Columbia enjoys an international reputation for its exceptional scenic attractions and opportunities for outdoor pursuits. In addition, there are a wide variety of urban and cultural attractions available ranging from the performing and visual arts to professional sports, amusement parks and shopping. The provincial tourism industry has benefitted from the relatively low value of the Canadian dollar which has helped it become one of the province's major revenue generating industries.

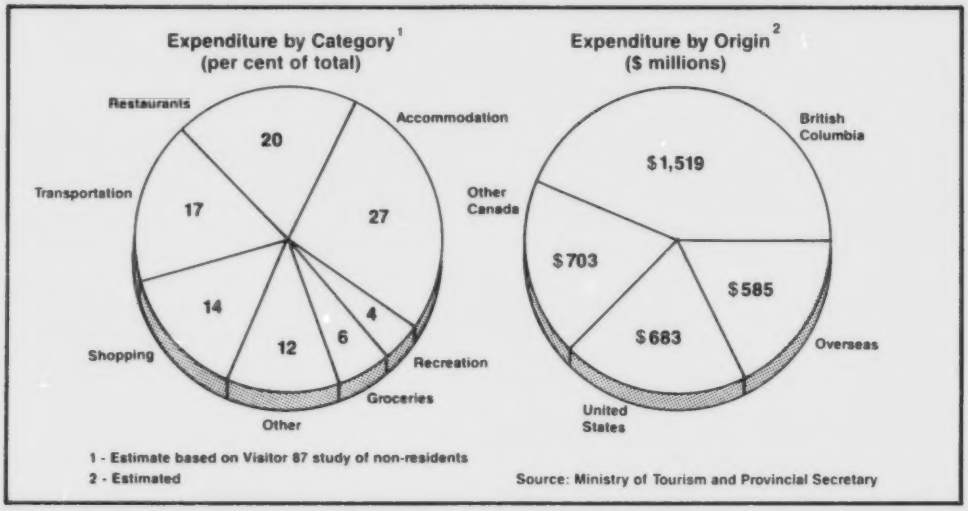
Tourism Revenue

Tourism revenue reached a record $3.5 billion in 1988, up 13.1 per cent over 1987 and 4.6 per cent over the previous record set in 1986 when Expo 86 boosted revenues.

Although tourism is viewed as a separate industry, it is actually a combination of various industries, which means that its economic benefits are widely distributed. Visitor surveys have revealed that of every non-resident tourist dollar spent during the June-October period, 17 cents went to transportation, 20 cents to restaurants, 27 cents to accommodation, 14 cents to souvenirs, 6 cents to groceries and

beverages and the balance to other goods and services. More than half of all tourism expenditures accrue to the Lower Mainland and Vancouver Island, but the province's transportation network has assisted in the development of tourism throughout the province.

Chart 4.11 Tourism in British Columbia, 1988



Accommodation revenues represent a very good indicator of overall receipts of the tourism industry. Revenues from all visitor accommodation properties in the province reached $599 million in 1988, up 16.6 per cent from 1987 and nearly equalling the 1986 total of $600 million.

Hotels, motels and resorts all experienced increases in occupancy in 1988. British Columbia hotels enjoyed their best year since 1981 with an annual occupancy rate of 64.4 per cent, up from 61.8 per cent in 1987. The motel occupancy rate averaged 54.9 per cent and the resorts occupancy rate averaged 60.7 per cent in 1988.

Tourism Markets

The total number of people travelling for one or more nights in British Columbia during 1988 was 12.7 million. An additional 6.0 million people were excursionists (travelling more than 80 km from home but not staying overnight) giving a total of 18.7 million visitor trips. This was 12.0 per cent more than in 1987 although fractionally less than the 1986 record.

British Columbia residents travelling within the province comprise the largest share of the tourist market, accounting for 56 per cent of total visits, and 44 per cent of total revenues in 1988. Non-resident visitors made up the balance, making 8.2 million person-trips to the province and generating $2.0 billion in revenues.

Offshore residents touring in British Columbia have a larger economic impact in relation to their numbers than any other group. They represented 7.7 per cent of people travelling for one or more nights in the province but accounted for 17 per cent of total revenue in 1988. Overseas visitors had the highest average daily expenditures per person ($61.40) and the longest average stay (9.8 days). They are also the fastest growing component of the industry with entries totalling 975,000 in 1988, up 19.8 per cent from 1987. Japan is the largest source of overseas visitors, accounting for 21 per cent of the 1988 total.

Although United States visitor numbers increased only fractionally in 1988, revenues from this market were up 8.6 per cent over 1987 to $683 million. Washington, California and Oregon are the largest American markets, accounting for 65 per cent of overnight visits and the bulk of single-day excursionists.

During 1988, visitors from the rest of Canada produced $703 million in revenues from 2.5 million person-trips. Alberta is the largest market within Canada. Albertans represented 68 per cent of all Canadian visits to British Columbia in 1988 and about 45 per cent of Canadian revenues. Ontario residents made up only 16 per cent of the Canadian market but they accounted for 36 per cent of revenues, largely because of a higher proportion of business and conference trips.

Table 4.15 British Columbia Tourism Revenue and Visitors

Origin	Revenue			Visitors		
	1987	1988[1]	Change 1987–1988	1987	1988[1]	Change 1987–1988
	($ millions)		(per cent)	(thousands)		(per cent)
Non-residents						
Canadian	773	703	−9.1	2,689	2,463	−8.4
United States	629	683	8.6	4,700	4,735	0.7
Overseas	466	585	25.5	814	975	19.8
	1,867	1,971	5.6	8,203	8,173	−0.4
British Columbians	1,218	1,519	24.7	8,500	10,535	23.9
Total[2]	3,086	3,490	13.1	16,703	18,708	12.0

[1] Preliminary.
[2] Totals may not add due to rounding.
Source: Ministry of Tourism and Provincial Secretary.

Cultural Activity

Cultural activities are an important part of the service sector, enhancing the quality of life of residents and contributing to tourism activity. The province boasts 160 museums and art galleries, 32 restored historic sites, 25 archives, 86 public libraries and 40 professional performing arts groups.

Table 4.16 British Columbia Arts Labour Force

	1971	1981	1986	Change 1971–1981	Change 1981–1986
		(number)		(per cent)	
British Columbia	7,755	15,935	20,210	105.5	26.8
Canada	73,520	143,620	172,930	95.3	20.4

Source: Statistics Canada.

Museums and Galleries

Almost every city and town in British Columbia has a museum that depicts the history, archeology and pioneer life of the area. The Royal British Columbia Museum, located in Victoria, exhibits historical reconstructions, Indian ethnology, archaeology, and botanical and zoological displays. Other highlights include: the Centennial Museum, the H.R. MacMillan Planetarium, the Museum of Anthropology, and the Maritime Museum in Vancouver; exhibits on mining and tours through once-working mines at Britannia and Rossland; the Kootenay Doukhobor Historical Museum in Castlegar; the British Columbia Forest Museum, near Duncan; and the O'Keefe Ranch Museum in Vernon.

Art galleries in British Columbia, such as the Emily Carr Gallery in Victoria and the Kamloops Public Art Gallery, often focus on talent nurtured by British Columbia's physical beauty and the unique art of the West Coast Indian. In fact, British Columbia attracts more than its share of Canadian artists. Even though the province has only 11.7 per cent of Canada's population, it claims almost 18 per cent of its visual artists. The Vancouver Art Gallery, housed in the city's 19th century former courthouse, is impressive both architecturally and in terms of its art inventory.

There are more than 32 restored historic sites in British Columbia depicting the history of the province's native peoples, fur traders, gold prospectors, immigrants and colonial governors. Prehistoric Indian petroglyph rock carvings, fur trading posts, the 1860 gold rush town of Barkerville, heritage buildings in various communities and trails from the 19th century and earlier, are part of the province's historical resources being preserved or accurately restored to their period status.

Performing Arts

In 1987, over 1.8 million people watched performances by British Columbia's 40 professional performing arts groups, including theatre troupes, music groups, opera societies and dance companies. This same audience spent almost $9.4 million to obtain tickets for these performances. A recent study showed that British Columbia has higher attendance figures per capita for music and theatre performances than any other province.

British Columbia's patrons of the performing arts have much to choose from. Music lovers enjoy performances by the Vancouver Symphony or the various symphony societies in smaller cities, and by the Vancouver Opera Society or Victoria's Pacific Opera Association. Theatre groups have proliferated in recent years, and include Vancouver's Arts Club, the Playhouse Theatre Company and the Vancouver East Cultural Centre. Young people's theatre is also popular and encouraged by the Canadian Institute of the Arts for Young Audiences which produces the Vancouver Children's Festival each year. Ballet B.C. is one of the many traditional and contemporary dance companies performing in the province.

Libraries and Archives

British Columbia has numerous public, academic, school and special libraries that offer opportunities for research and enjoyment. There are also 25 archives in the province whose mandate is the collection and preservation of documents pertaining to British Columbia's history.

Film and TV Production

In 1988, 46 film and television productions were shot in British Columbia, a substantial rise over the 28 productions of 1987. Of the 19 feature movies produced in the province, nine were Canadian. The total 1988 production budgets for these films and series equalled $219 million, of which almost 60 per cent was spent in British Columbia.

Table 4.17 British Columbia Film and Television Production

Type of Production	1985	1986	1987	1988
	(number of productions)			
Feature films	9	8	5	19
Television movies	14	12	14	9
Television series	5	5	9	18
Total	28	25	28	46

Source: British Columbia Film Commission.

Publishing

British Columbia has an active publishing community. According to Statistics Canada's survey of book publishers, 266 publishing firms are established in Canada of which 24 (or 9 per cent) are located in British Columbia. Local British Columbia book publishers have over 2,000 titles in print and at least half of their sales are outside of the province. Total domestic sales of provincial publishers reached $11 million in 1986-87, the latest year for which statistics are available.

CHAPTER 5

The Provincial Government and Intergovernmental Relations

5. The Provincial Government and Intergovernmental Relations

Overview

The present structure of the British Columbia government is rooted in British parliamentary tradition and precedent. Prior to 1866, British Columbia was composed of two British controlled Crown colonies, one on Vancouver Island and a second situated on the mainland. In 1866, the Union Proclamation joined these colonies to form the Crown Colony of British Columbia. Although the Colony of Vancouver Island had a parliamentary form of government as far back as 1856, the first fully responsible government was instituted when British Columbia entered into Confederation with Canada on July 20, 1871.

The *British North America Act*

Upon entering Confederation, British Columbia came under the authority of the *British North America Act* (*BNA Act*), a statute of the British parliament. Until 1982 the *BNA Act* defined the major national institutions and established the division of authority between the federal and provincial governments. In 1982, the *BNA Act* was incorporated into the *Constitution Act*. The passage of the *Canada Act, 1982* ended the British parliament's legal right to legislate for Canada.

Because Canada is structured as a federal state, legislative powers are divided between the federal and provincial governments.

The Provincial Government

British Columbia's government and judicial system is modelled after the British system. The provincial government has three major branches: the legislature, the executive and the judiciary.

The Legislature

Legislative power in British Columbia is exercised by a single legislative chamber which is elected for a maximum five-year term. The legislature consists of the lieutenant governor and 69 elected members of the assembly. Appendix 8 lists the members of the legislative assembly and the executive council.

The legislative assembly represents the people of British Columbia in the conduct of the province's business. The assembly is required by law to meet at least once a year with a normal session lasting several months. However, special sessions could last just a few days or many months, depending on the nature of the government's business.

The Executive

The executive is composed of the lieutenant governor and the executive council (the cabinet). The lieutenant governor is the Queen's representative in British Columbia and holds a largely ceremonial place in modern provincial government. By constitutional custom the lieutenant governor is appointed by the Governor General of Canada for a term usually running five years. The current lieutenant governor is His Honour the Honourable David C. Lam.

Following a general election, the lieutenant governor calls upon the leader of the political party with the largest number of elected members to serve as premier and to form the provincial government. The lieutenant governor, on the advice of the premier, appoints members of the executive council and is guided by the executive council's advice as long as it holds the confidence of the legislative assembly.

The lieutenant governor, on the recommendations of the premier, convenes, prorogues and dissolves the legislative assembly and gives Royal Assent to all measures or bills passed by the assembly before they become law.

The executive council, or cabinet, is composed of selected members of the ruling party and is headed by the premier. Members of the cabinet usually head government ministries and are members of a variety of cabinet committees (see Appendix 8). Some cabinet members may also act as Ministers of State with special responsibilities. At present the cabinet is made up of the premier and 20 ministers.

The cabinet determines government policy and is held responsible by the legislative assembly for the operation of the provincial government. Deputy ministers are the chief operating officers of ministries and are appointed by the executive council. Deputy ministers are responsible for carrying out government policies and for administering the work of their ministries.

The Judiciary

The provincial legislatures and the Parliament of Canada have the power to make laws in Canada. The interpretation of these laws and the settlement of disputes under these laws are the responsibility of the judiciary.

Provincial legislatures are empowered to enact laws necessary for the protection of civil and property rights within their boundaries. Under authority of the provincial legislature, municipal and civic authorities may pass laws, known as by-laws, which apply to their municipalities. The British Columbia judicial system is composed of the British Columbia Court of Appeal, the British Columbia Supreme Court, county courts and various provincial courts including magistrates' courts and small claims courts.

The federal judicial system includes the Federal Court of Canada and the Supreme Court of Canada. The Federal Court of Canada hears cases in limited areas of exclusive federal jurisdiction. The Supreme Court of Canada is the court of final resort and hears selected appeals from the lower courts. Criminal law is under the jurisdiction of the federal parliament but administered by the provinces. Judges are therefore federally appointed, in co-operation with the province, to the British Columbia Supreme Court, the British Columbia Court of Appeal and county courts.

Provincial Government Jurisdiction

Under Canada's constitutional framework, the province has ownership of and jurisdiction over its natural resources and has responsibility for education, health and social services, municipal institutions, property and civil rights, the administration of justice and other matters of purely provincial or local concern. Provincial programs in support of this jurisdiction are detailed in Chapter 6.

Provincial Taxes

To meet its expenditure commitments the provincial government has the authority to collect revenue through direct taxation within provincial boundaries and is permitted to borrow on provincial credit.

Income Tax Rates

The British Columbia personal income tax rate is 51.5 per cent of basic federal tax. This means that a typical British Columbia taxpayer is required to remit $51.50 in income tax to the provincial government for every $100 of basic federal income tax, calculated before the addition of federal surtaxes and federal refundable credits. A wage earner, who earns $40,000 per year and has a dependent spouse and two dependent children, would pay provincial income tax equal to approximately 7.4 per cent of total income in 1989.

The corporation income tax rate for corporations not qualifying as small businesses is 14 per cent of taxable income earned in the province. For corporations qualifying as small businesses, the rate is nine per cent.

Other Tax Rates

The general tax rate on purchases of tangible personal property imposed under the *Social Service Tax Act* is six per cent. Purchases of liquor products are taxed at a rate of 10 per cent. Appendix Table A5.3 provides a list of the major purchases which are exempt from the tax.

The tax rate on hotel accommodation is eight per cent. Accommodation priced at $20 or less per night is exempt from tax. Municipalities, regional districts and other eligible entities may request the provincial government to levy an additional tax of up to two per cent on their behalf. The revenue from the additional tax must be used to fund tourism-related projects or to promote tourism. Additional hotel accommodation taxes are currently levied on behalf of the Resort Municipality of Whistler, the cities of Vancouver and Victoria and the District of Oak Bay.

The corporation capital tax is applied to taxable paid-up capital at a rate of two per cent for chartered banks and trust companies with taxable paid-up capital in excess of $500 million. These corporations may deduct British Columbia corporation income tax paid from their corporation capital tax liability.

Fuel tax rates (except for marine bunker fuel and natural gas used in stationary engines) are adjusted every three months in accordance with changes in the gasoline sub-component of the Vancouver consumer price index. The provincial tax rate on clear unleaded gasoline is 22.5 per cent of the retail price before tax (8.28 cents/litre at September 1, 1989). The tax on clear leaded gasoline is equal to the unleaded rate plus two cents/litre. Tax rates on most other fuels are seven per cent of the pre-tax price of clear gasoline. The tax on marine bunker fuel and natural gas used in stationary engines is seven per cent of its pre-tax retail price.

PROPERTY TAXATION IN BRITISH COLUMBIA

For 1989, property taxes are estimated to raise $2.5 billion in revenue for the provincial and local governments in British Columbia. This amount represents about 17 per cent of the overall tax burden on residents and businesses in the province. This compares with $4 billion raised through provincial personal and corporate income taxes and $1.85 billion raised through the six per cent social service (sales) tax.

Property taxes are, therefore, a significant component of the British Columbia tax system, in common with other provincial jurisdictions in Canada. Although there are significant variations among jurisdictions in the way in which property is valued, it is generally accepted that property taxes should be distributed among owners of similar property on a basis proportional to its value.

For individual homeowners property taxes are usually second only to income taxes in terms of the overall tax burden. Owners of medium-value homes in British Columbia can expect to pay approximately $1,300 annually in property taxes in major urban areas, although there is significant variation among different communities. Income taxes payable by a married taxpayer with dependents and an annual income of $40,000 are approximately $8,600, including provincial income taxes of $3,000.

Basis for Property Taxes

In British Columbia, property, which is defined as land and improvements, is assessed every second year, to establish a value to which property tax rates are applied. Assessments are intended to establish an actual value, defined to be the same as market value, for all property, with some exceptions, mainly utility and industrial property, which is valued according to special rules designed to approximate depreciated replacement cost. Assessments, carried out by the province-wide British Columbia Assessment Authority, are subject to extensive appeal procedures by taxpayers.

Municipalities and the provincial government use the general purpose tax base, containing property valued at $133 billion for 1989, when calculating the tax rates required to meet their revenue needs. Regional governments use either the municipal tax base or the slightly smaller "hospital" tax base, valued at $132.3 billion for 1989.

The school tax base is slightly larger, at $137 billion, and includes certain properties owned by British Columbia Hydro and Power Authority that are excluded from the other tax bases. This base is divided into two components: residential property, valued at $98.9 billion, which is subject to school tax rates set by local school districts, and non-residential property, which includes commercial, utility, industrial property, forest and farm land, valued at $38.1 billion, which is subject to school tax rates set by the provincial government.

Some properties are exempt from the property tax base. The major exemptions are properties owned by various levels of government, universities, hospitals, schools, and some charitable organizations. In some cases, such as farm properties, major benefits are provided through exempting property from one or other tax base.

Application of Different Tax Rates to Property

Property tax rates are set as a result of two steps. First, municipalities and other taxing authorities determine their expenditure budgets, from which they deduct revenue expected to be raised from sources other than taxes, including, transfers from the provincial government, fees for specific services and interest earnings. Second, this resulting net revenue requirement is allocated to the various property tax classes, taking into account the value of property in each class and the relationships among the tax rates for each class that the taxing authority wishes to achieve. For example, the tax rate for commercial property is usually set at two to two and one-half times the rate set for residential property and the industrial rate at three times the residential rate.

Property is divided into nine classes by type of use, to which the differing tax rates are applied. The largest classes are residential, business, utility and industrial property.

Municipal councils determine tax rates as well as the relationship between rates for different property classes, for municipal tax purposes. School districts set residential school tax rates and, for most other purposes, tax rates are set by the provincial government. Residential property and farm land is typically taxed at the lowest rate. For many taxing authorities the business rate is more than twice and the industrial rate more than three times, the residential rate. The amount of tax paid by residential taxpayers is reduced by the provincial Home Owner Grant. This grant, intended to partially offset residential school taxes, reduces taxes for 1989 by $700 for seniors, the handicapped and recipients of War Veterans Allowances, and by $430 for all other home owners, subject to a minimum tax payment. For 1989 the minimum payment is $350 for recipients of the standard grant and $100 for recipients of the higher grant.

The following table shows the property taxes payable by a typical homeowner for 1989 compared to taxes payable by business.

PROPERTY TAXATION IN BRITISH COLUMBIA — *Continued*

Property	Market Value	Tax Rate	Gross Tax	Home Owner Grant	Net Tax
	$		$	$	$
House (Lower Mainland)[1]	137,500	12.79	1,759	430	1,329
House (outside Lower Mainland)[2]	43,650	21.47	937	430	507
Retail Store (Vancouver)	300,000	31.61	9,483	—	9,483
Industry (Vancouver)	1,000,000	46.65	46,650	—	46,650

[1] District of North Vancouver
[2] Kamloops

Spending by Local Governments and School Districts

Municipalities, regional districts and local school boards will spend approximately $4.5 billion in 1989, of which approximately $2.5 billion will be raised from property taxes.

- Municipalities, regional districts and regional hospital districts will spend almost $2 billion for local services such as police services, fire protection, local roads, parks and recreational facilities and sewer and water facilities. Property taxes will provide an estimated 65 per cent, or $1.3 billion of this amount. Provincial grants amount to 10 per cent of municipal revenue and the remaining 25 per cent comes from other municipal revenue sources, such as user fees.
- Local school boards will spend about $2.5 billion in the 1989 school year, of which $1.6 billion will be provided by grants from the provincial government, including $500 million raised from school taxes on business. A further $690 million will be raised from residential taxpayers who will be able to deduct homeowner grants amounting in total to $340 million. The balance of school board budgets will be raised from other sources.
- In addition to these local expenditures the provincial government will spend about $90 million providing road and local police services to non-municipal areas. About 50 per cent or $45 million will be recovered through the rural area property tax.

Recent Growth in Property Taxation

Total property tax revenue has increased at an average annual rate of 4.6 per cent over the past five years, or slightly higher than the 3.5 per cent annual rate of inflation over the same period.

The residential component of property taxation has grown, on average, by 8.3 per cent annually over the five-year period, while business property taxes have remained at about the same level. Business property taxes have been stable because of the elimination of machinery and equipment taxation and the introduction of lower business school tax rates.

The 8.3 per cent annual growth rate in residential property taxation is close to the annual growth rate in provincial taxation revenues, excluding property tax, of 8.7 per cent and also similar to the annual growth in total provincial revenue, excluding property taxes, of 7.9 per cent.

Over the past five years property tax increases for individual home owners have varied significantly from the provincial average. As tax rates are applied to assessed values, which change with market values, properties which show higher increases in value than the overall average increase for a specific municipality will experience correspondingly higher property tax increases than the average increase for that municipality. In addition, because provincial grants to school districts are targeted to those districts with lower assessed values per pupil, there has been less than average growth in grants and more than average growth in school taxes in districts where assessed values have increased rapidly.

Concern expressed by some taxpayers, mainly residential taxpayers, over rapid increases in their property taxes, led the Minister of Finance and Corporate Relations to arrange a tour of the province in August and September 1989, to hear the concerns of residents first-hand, together with their proposed solutions. A panel of four members, including the Minister of Finance and Corporate Relations, the Minister of Municipal Affairs, Recreation and Culture, the President of the Union of British Columbia Municipalities and a representative from tax reform groups, has held meetings at locations around the province. The panel's report on the property tax tour is expected to be released before the end of 1989.

Compressed natural gas and propane used to propel motor vehicles are exempt from provincial fuel tax. Handicapped drivers are eligible for a 100 per cent rebate of gasoline tax.

The property purchase tax is charged to the purchaser on the registration of a transfer of real property in a land title office. The tax rate is one per cent on the first $200,000 of fair market value transferred and two per cent on the balance.

The tax rates for cigarettes and most other tobacco products are adjusted in accordance with changes in the tobacco sub-component of the Vancouver consumer price index on March 1 and September 1 of each year. The tax rates were 5.76 cents/cigarette and 4.4 cents per gram of tobacco at September 1, 1989.

Other provincial taxes, including horse racing tax, insurance premium tax, real property tax, logging tax, mining tax, mineral land tax and mineral resource tax, are described in Appendix Table A5.3. Appendix Table A5.2 provides an interprovincial comparison of tax rates.

Recent Provincial Government Legislation of Financial Significance

The following legislation of financial significance was enacted by the legislature during the 1989 spring session.

- The *Assessment Amendment Act, 1989* established statutory criteria for the assessment of certain utility property and validated a number of provincial regulations related to property taxation.
- Amendments to the *Budget Stabilization Fund Act* permitted the Minister of Finance and Corporate Relations to make a special $500 million payment from the Budget Stabilization Fund to the General Fund.
- The *Credit Union Incorporation Act, 1989* replaces the corporate law provisions respecting credit unions that are presently contained in the *Credit Union Act*. The present *Credit Union Act* is repealed by the *Financial Institutions Act* which will govern the regulation of credit unions and other financial institutions.
- The *Employee Investment Act, 1989* amends the *Income Tax Act* to provide a system of employee investment tax credits to employees, resident in British Columbia, who make investments in either the company that employs them or in employee venture capital corporations for the purpose of job creation, job protection or participation in corporate ownership.
- The *Financial Institutions Act, 1989* establishes an updated regulatory framework for the operation of trust companies, insurance companies and credit unions and consolidates identical regulatory provisions applicable to all provincially regulated financial institutions in one statute.
- The *Home Owner Grant Increase Act, 1989* increases the basic homeowner grant to $430 from $380. For seniors, the disabled and recipients of war veterans allowances, the grant is increased to $700 from $630. The legislation provides the increased grants only for the 1989 tax year.
- The *Home Mortgage Assistance Program Act, 1989* authorizes a mortgage assistance program to provide provincial loan guarantees to eligible applicants and the disposal of loans made under several statutes.

- The *Income Tax Amendment Act, 1989* introduces a low income renter's tax reduction to be applied against 1989 British Columbia tax otherwise payable. The tax reduction is equal to $200 per taxpayer plus $200 per dependent (not to exceed 10 per cent of 1989 rent paid) minus three per cent of net family income in excess of $10,000. The tax reduction will be phased out in the subsequent four years.
- The *Land Tax Deferment Act, 1989* reduces the age at which homeowners may defer their property taxes to 60 from 65.
- The *Mineral Tax Act, 1989* replaces existing metal and coal royalties with a two-stage cash flow tax.
- The *Motor Fuel Tax Amendment Act, 1989* provides for broader use of coloured fuel within the mining industry, changes the basis for the quarterly indexing of tax rates to a three-month average and clarifies the rules for remittances by wholesale dealers.
- The *Property Purchase Tax Amendment Act, 1989* provides tax relief to purchasers of eligible residential property where high-ratio financing is required, restricts provisions exempting transfers between related individuals, clarifies certain definitions and exemptions and exempts transfers to the Crown for highway and parks purposes.
- The *Residential Property Tax Increase Limitation Act, 1989* allows municipalities to limit residential property tax increases for 1989.
- The *Social Service Tax Amendment Act, 1989* exempts magnetite from the tax, provides for the exemption of prescribed environmental enhancement items, requires prepayment of tax on liquor sold under a special occasion licence, provides a point-of-sale exemption for explosive supplies now eligible for a tax refund, provides authority to exempt vendors on international passenger vessels from the requirement to collect tax, clarifies penalty and interest provisions, requires the signature of persons overpaying tax on refund applications and clarifies the determination of tax on used equipment and the definition of lease.
- The *Tobacco Tax Amendment Act, 1989* increases the tax on loose tobacco, changes the calculation of the loose tobacco rate from tax payable per 25 grams to tax payable per gram, implements a refund and pre-approval system for tobacco intended for sale outside the province, provides authority to implement a provincial tobacco tax-paid marking system and clarifies interest provisions.

International Relations

The provincial government has undertaken a number of activities in recognition of the importance of foreign trade and investment for the provincial economy. These activities involve cooperating with the federal government on international matters of importance to the province, raising the international profile of British Columbia and supporting private sector activities of an international nature which will enhance economic growth in the province.

A major initiative in 1989 was the establishment of a new Crown agency, the British Columbia Trade Development Corporation, effective June 1, 1989. Under the jurisdiction of the Ministry of International Business and Immigration, and with the guidance of a private sector board of directors, the British Columbia Trade Development Corporation's mandate is to encourage and facilitate the export of British Columbia goods and services and to foster within British Columbia the expertise necessary to ensure a legacy of strong economic growth.

Map 5.1 British Columbia — An International Perspective

During 1988/89, the provincial government operated trade, investment and tourism promotion offices located in Tokyo, Hong Kong, Singapore, Seoul, London, Duesseldorf, Seattle, San Francisco and Irvine, California. A trade and investment representative also operates from British Columbia House in Ottawa. The responsibilities of these offices include the promotion of provincial exports and the identification of investment and business immigration opportunities available in British Columbia.

In order to increase foreign awareness of the province, members of the executive council made a number of trips during 1988/89 to Asia, Europe and the United States to hold discussions with government and business leaders. The provincial government also welcomed numerous foreign delegations to the province.

In November 1988, British Columbia hosted the 17th Annual Williamsburg Conference which was attended by representatives from 15 countries. Included were representatives from the People's Republic of China and, for the first time, a representative from the Soviet Union. The conference provided an opportunity for participants to share views on economic, social and strategic issues affecting the Pacific Rim.

Provincial government representatives participated in the successful bid to have Greater Victoria host the 1994 Commonwealth Games. Victoria's proposal was accepted over several bids from other Canadian and overseas cities.

The provincial government also played an active role in support of the negotiations which led to an historic free trade agreement between Canada and the United States. The Free Trade Agreement was ratified by both the Canadian and United States governments, and came into effect on January 1, 1989.

On January 4, 1989, the province signed two economic cooperation agreements with the State of Washington, thereby forming the Pacific Northwest Economic Partnership. The joint committee established by the agreement has met three times and initiated a wide range of cooperative efforts. In addition, agreements were signed on energy cooperation and on oil spill prevention and response.

In January 1989, representatives of the provincial government and British Columbia businesses gave a successful presentation at the World Economic Forum held in Davos, Switzerland. The presentation highlighted the province's investment opportunities.

On May 6, 1989, British Columbia, Alaska and Yukon signed a long-term tourism marketing agreement aimed at joint promotion of tourism opportunities.

In July 1989, British Columbia, in concert with the federal government, hosted an international conference on driftnet fishing to exchange information on the issue and examine strategies to attack the problem. In attendance were representatives of the United States government and Pacific coast states.

Federal/Provincial Relations

British Columbia continues to give careful consideration to important constitutional reform issues such as Senate reform and the Constitution Amendment, 1987 (Meech Lake Accord).

The Premier of British Columbia and other members of the executive council are active participants in a wide range of national and regional intergovernmental discussions such as First Ministers' Conferences, Annual Premiers' Conferences, Western Premiers' Conferences and ministerial committees, task forces and working groups.

The Canada/British Columbia Council of Ministers was established to provide a forum for discussion of common issues between provincial and federal cabinet ministers. The council has met five times since it was established in 1987.

British Columbia has sought an immigration agreement with the federal government to deal with the economic and social issues associated with immigration. Negotiations with the federal government are continuing.

The provincial government's priorities for federal/provincial cooperation cover a range of economic and social policy objectives which can most effectively be pursued through coordinated efforts. These priorities include procurement, science and technology, human resource development, transportation and regional development objectives.

British Columbia House in Ottawa maintains the provincial government's presence in the nation's capital by providing a coordinated point of view on federal/provincial issues, representing the province at federal/provincial meetings, liaising with federal ministers and officials, and assisting the private sector in the province to access federal procurement funds.

Federal/Provincial Fiscal Arrangements

The major fiscal arrangements between the federal government and the provincial government are embodied in the *Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977*. This act provides for federal transfers to provincial governments for health care and post-secondary education, a fiscal stabilization program, an equalization program and tax collection agreements between the federal government and participating provinces.

Health Care and Post-Secondary Education Transfers

In 1977, the Established Programs Financing (EPF) mechanism replaced cost-sharing of hospital insurance, medical care and post-secondary education with a combination of transferred personal and corporation income tax points and federal cash payments to the provinces. The federal government also makes per capita cash payments for extended health care programs. The transfer is largely unconditional, with the exception of a requirement to adhere to five basic principles of health care.

In recent years the federal government has modified the EPF program several times to reduce its contributions to the provinces. At the present time the cash transfer is changed annually, depending on the growth in Canadian gross national product per capita less 2 per cent, the growth in provincial population and changes in the provincial personal and corporation income tax bases. Effective for 1990/91, the increase to the EPF transfer will be calculated on the basis of growth in gross domestic product per capita minus 3 per cent. This change will result in reduced transfers to British Columbia from the federal government of $24 million in 1990/91, and reduced transfers of $411 million over the five-year period ending 1994/95.

During 1988/89, British Columbia received an EPF cash payment of $1,230 million.

Equalization

The federal government's equalization program provides cash payments to provinces with relatively low revenue-raising ability to help them maintain a reasonable standard of public services without unduly high tax rates. Under the program, each province's revenue-raising capacity is measured against the average of five representative provinces. British Columbia does not qualify for equalization payments from the federal government.

Tax Collection Agreements

Provinces levy income taxes and, through tax collection agreements, a number of provinces, including British Columbia, have authorized the federal government to collect personal and corporation income taxes on their behalf. Nine provinces participate in the personal income tax collection agreement and seven participate in the corporation income tax agreement. Quebec does not participate in the agreements for either corporation or personal income taxes, while Ontario and Alberta collect their own corporation income tax.

The advantage of having the federal government collect provincial taxes is that each tax filer is required to file only one tax return for payments of both federal and provincial government income taxes. However, under the agreement between Canada and British Columbia, the province must adopt income tax legislation and regulations similar to those of the federal government. This reduces provincial government control over its own tax base.

Tax Reform

Beginning in the 1988 taxation year, the federal government began a major tax reform initiative. Phase one involved a broadening of the tax base and a lowering of tax rates for both personal and corporation income tax. In addition, the number of personal income tax brackets was reduced from ten to three and a number of personal exemptions and deductions were converted to non-refundable tax credits. Because British Columbia has a tax collection agreement with the federal government, federal tax reform results in parallel changes in the province's personal and corporation income tax.

Canada Assistance Plan

The other major federal/provincial financial agreement is the Canada Assistance Plan (CAP) through which the federal government makes payments to the provincial government, on a cost-shared basis, for eligible expenditures on income assistance and social services. British Columbia's CAP receipts were $668 million in 1988/89.

Other Federal Government Contributions

The provincial government has agreements with the federal government in many other areas including employment training, public housing, economic development, forestry, agriculture, ferry services, fisheries enhancement, youth corrections, and the rehabilitation of disabled persons. Most of these agreements are for a limited duration. Federal government contributions to General Fund revenue for these various programs totalled $212 million during 1988/89.

During 1988/89, approximately 17 per cent of provincial government revenue was received in the form of federal government contributions. Due to federal government deficit reduction efforts, this proportion is expected to decline in future years.

Local Governments

Local governments in British Columbia consist of incorporated municipalities, regional districts, school districts, regional hospital districts and special purpose improvement districts.

The 147 incorporated municipalities, which include 38 cities, 48 districts, 14 towns, 46 villages and one Indian government district, provide facilities such as roads, waterworks and sewers, as well as a wide range of social, recreation and protection services.

The 29 regional districts incorporated under the *Municipal Act*, combining municipal and other local government areas, provide services efficiently over a large area. Almost all of the province is included within regional district boundaries. The Stikine region is the only unincorporated area in the province.

The 75 school districts incorporated under the *School Act* provide coordinated administration of schools. These districts cover 98 per cent of the province and usually combine adjacent municipal and non-municipal areas.

The 29 regional hospital districts incorporated under the *Hospital District Act*, which share boundaries with the regional districts, assist in the planning and construction of health facilities.

Finally, there are 327 improvement districts, primarily in non-municipal areas, incorporated under the *Municipal Act* or the *Water Act*. Services provided by improvement districts include waterworks, fire protection, irrigation, street lighting, drainage, garbage disposal, sewage disposal, parks and playgrounds, dyking, community halls, recreation areas, cemeteries, land acquisition, boat landings, mosquito control, river bank protection, water treatment, electrical energy and lake level control.

Municipal Finance Authority of British Columbia

The Municipal Finance Authority (MFA) is incorporated under the *Municipal Finance Authority Act* as a central agency to provide financing of capital requirements and short-term investment opportunities for regional districts and municipalities in British Columbia.

Two special purpose districts and all regional districts and their member municipalities, except the City of Vancouver, are required to finance their long-term capital requirements through the MFA. The MFA issues its own securities and lends the proceeds to the regional districts on whose request the financing is undertaken.

Obligations of the MFA are not obligations of, or guaranteed by, the provincial government. The combined credit-worthiness of all the regional districts and their member municipalities, which together encompass almost all of the taxable land and improvements in the province, stands behind the MFA's obligations. In addition, a debt reserve fund is maintained to satisfy obligations in the event that sufficient funds are not available to meet payments or sinking fund contributions. If the Board of Trustees of the MFA is of the opinion that payments made from the debt reserve fund will not be recovered within a reasonable period, it may, and under certain circumstances must, levy on all taxable land and improvements in the province rates sufficient to restore the fund to the amount which would have been in the fund had no such payments been made.

As of May 31, 1989, the outstanding long-term debt contracted by the MFA on behalf of the regional districts and their member municipalities, was $1,213 million and the debt reserve fund balance was $139 million.

On May 1, 1989, the MFA established and commenced the operation of two pooled investment funds for the purpose of holding and investing money received from the regional districts and municipalities. Participation in the funds is on a voluntary basis.

Currently, the MFA's bonds are rated at AA+ by the Canadian Bond Rating Service, Aaa by Moody's Investor Service and AA+ by Standard and Poor's Corporation.

British Columbia Assessment Authority

The Assessment Authority is incorporated under the *Assessment Authority Act* as an independent, publicly-funded corporation with responsibility for establishing and maintaining real property assessments throughout British Columbia in accordance with the *Assessment Act.* The Assessment Authority is governed by a six-member board of directors reporting to the Minister of Finance and Corporate Relations.

With the exception of farm land, forest land and some utilities, land and improvements are assessed at their market value as of a specific date. The provincial government has prescribed nine classes of property, for which different tax rates may be set.

A new assessment roll is completed by September 30 every two years in even-numbered years, for use in the next two tax years. A revised assessment roll is completed by September 30 in each odd-numbered year for those properties which undergo changes in primarily physical characteristics, classification or ownership. The assessment roll, once certified by the assessor, is presented to

the taxing jurisdictions (i.e., municipal governments, regional districts, school boards, etc.) to form the basis of their tax rolls. Individual assessment notices are sent to all assessed owners. Taxing authorities set tax rates for each of these property classes.

The Assessment Authority maintains an extensive and up-to-date information data base on all properties in British Columbia. In addition to providing information in the form of assessment rolls, the Assessment Authority also provides accurate property and value information to taxing authorities through a cooperative program of information sharing and to all property owners or their authorized agents. Confidential property information, not shown on assessment rolls, is only available to the property owner.

The valuation of property by the Assessment Authority is subject to checks and balances in the form of legislated appeal procedures through the Courts of Revision, the Assessment Appeal Board, and finally, the court system. The actual and school taxable values are shown in Table 5.1.

Table 5.1 Actual and School Taxable Property Values, 1988

	Total Actual Value	School Taxable Value[1]
	($ millions)	
(a) By taxing jurisdiction		
Cities	65,454	55,130
District municipalities	68,161	58,788
Towns	2,306	1,915
Villages	1,675	1,305
Rural	25,959	19,896
Total	163,555	137,034
(b) By property classification		
Residential	104,191	98,887
Utilities	12,135	9,321
Unmanaged forest land	23	21
Major industry	4,834	4,317
Light industry	1,764	1,492
Business/other	35,484	21,554
Managed forest land	491	491
Recreational property/Non-profit organization	3,298	292
Farm land	1,335	659
Total	163,555	137,034

[1] School taxable value is the total actual value of property less the value of property that is exempt from school tax.

Provincial/Local Relations

The provincial government has a number of programs which are of importance to local governments including a revenue-sharing program, a downtown revitalization program, grants in lieu of property taxes and a home owner grant program. In addition, significant financial contributions are made to school districts and regional hospital districts (see Chapter 6 for details).

Revenue Sharing

Under the 1977 *Revenue Sharing Act*, a revenue-sharing formula gives municipalities access to the broader provincial revenue base and so reduces pressure on the real property tax base. The formula transfers annually into the Revenue Sharing Fund Special Account an amount equal to the yield of one point of personal income tax, one point of corporation income tax, and 6 per cent of social service tax, fuel taxes and natural resource revenue. Municipalities and regional districts were allocated $239 million under the act in 1988/89. Payments are in the form of both conditional and unconditional grants (see Appendix Table A5.4).

The *Revenue Sharing Amendment Act*, passed in 1985, established a Grant Stabilization Account within the Revenue Sharing Fund Special Account to partially insulate grants to municipalities from fluctuations in provincial government revenue. During 1988/89, no contribution was made to the account and the balance available for use in future years remains at $29 million.

In 1989, two new programs were introduced under the *Revenue Sharing Act*; the Independent Police Equalization Grant Program and the Public Health Equalization Grant Program.

Downtown Revitalization Special Account (1980)

This special purpose account was established with an appropriation of $25 million to provide grants and loans to municipalities and the business community for the revitalization of downtown areas. This account has now been fully depleted but the program is being continued through the Downtown Revitalization Program Society of British Columbia with funding received from the Lottery Fund Special Account.

Grants in Lieu of Property Taxes

The provincial government pays grants in lieu of taxes on Crown property to municipalities under the *Municipal Aid Act*. The grants are equal to the assessed value of the property, multiplied by the applicable municipal and regional district tax rate, including the debt service levy. Many British Columbia Crown corporations also pay grants to municipalities on the same basis. In 1988/89, the provincial government paid $968,000 under this provision, while the British Columbia Buildings Corporation paid approximately $11.5 million on behalf of the provincial government ministries.

Provincial Home Owner Grant

The Provincial Home Owner Grant Program reduces property tax levies for eligible home owners. In 1988, the grant to each eligible home owner, to be applied first against the local school tax levy, was $380. An additional $250 grant was paid to eligible home owners aged 65 years or over, to handicapped persons eligible under the regulations and to those eligible persons receiving an allowance under the federal *War Veterans Allowance Act* or the *Civilian War Pensions and Allowances Act*.

In 1988, as a result of this property tax relief program, many British Columbia home owners paid the minimum property tax for local government services, including education, of $350, or $100 for those eligible for the supplementary grant. Provincial home owner grants totalled $296 million in 1988/89, an increase of $13 million from 1987/88. An estimated $280 million was applied to reduce local school taxes, while the balance was applied to reduce other local property tax levies.

The 1989 provincial budget announced increases to the Home Owner Grant Program. The basic home owner grant for the 1989 taxation year was increased from $380 to $430. For seniors, the handicapped and others entitled to the supplementary grant, the home owner grant for the 1989 taxation year will rise from $630 to $700.

Native Indians

There are approximately 69,000 status Native Indians in 196 bands in British Columbia, with approximately 40,000 living on reserves. Although the federal government has constitutional responsibility for status Indians on reserves, it is the goal of the provincial government to encourage Native Indian social and economic advancement. The provincial government believes that the best approach to achieving this goal is to resolve local issues through locally developed agreements with specific Indian bands or tribal councils.

Local Self-Government

Many Native Indian organizations are seeking a greater degree of self-government, free of the restrictive aspects of the federal *Indian Act*.

The Sechelt Band established a quasi-municipal form of government for their members after passage of enabling federal legislation in 1986 and provincial legislation in 1987. The Sechelt initiative is the first in Canada and may serve as a model for other Indian bands. The provincial government is prepared to discuss other models for self-government as well, and has held preliminary discussions with several bands and tribal councils.

The provincial government is also willing to transfer certain social programs to the control of Indian agencies. Arrangements have been made whereby two tribal councils and one band will assume responsibility for Native child and family protection services. In addition, the provincial government recently concluded a financing agreement with the federal government concerning status Indian students who attend public schools. This agreement will allow for local agreements between Indian bands and school districts designed to enhance Native participation in education program delivery.

Taxation

The federal *Indian Act* has been amended to grant Indian bands taxing power over non-Indian occupiers of reserve lands. Local governments and the province (in rural areas) continue to have the power to tax non-Indian occupiers of reserves. The federal government, the province, municipalities and Indian bands have entered into discussions to avoid double taxation and establish a tax regime that reflects the provision of local government services on reserves by both bands and municipalities. In the interim, bands have agreed not to implement taxation in 1989.

Claims of Aboriginal Title

As of June 1989, British Columbia courts have granted six injunctions prohibiting development of land for which Native people are seeking declarations of aboriginal title. The injunctions will remain in place until appealed or until the question of aboriginal title is determined at trial. The actions are expected to take a number of years to resolve.

CHAPTER 6

Provincial Government Programs

6. Major Provincial Programs

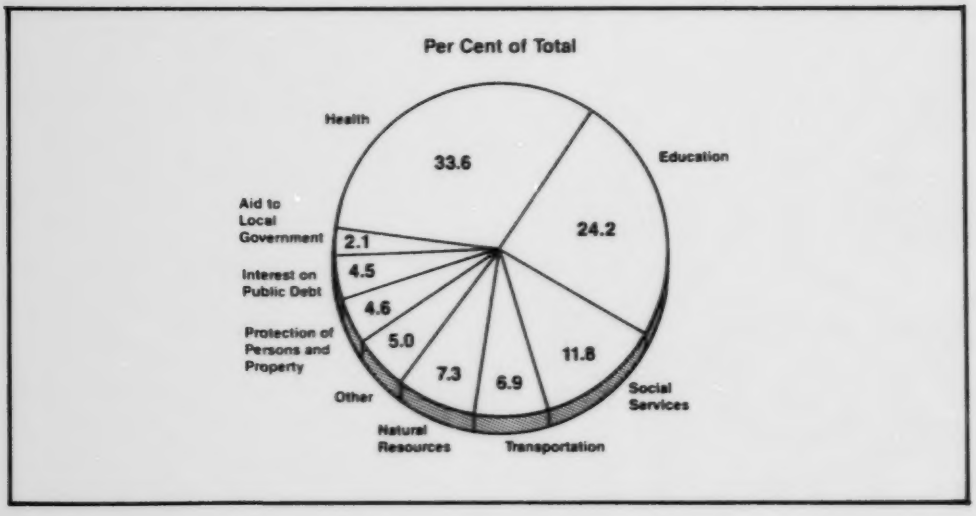
Introduction

The provincial government administers a wide array of programs providing social services to the province's residents and encouraging the development and diversification of the province's economy.

Provincial social services include major programs for health, education, income assistance and housing. Other provincial programs safeguard human rights, provide law enforcement and protect the environment.

The provincial government's economic development programs promote stable growth in the provincial economy as well as the efficient management of the province's economic resources. These programs include government management of the province's extensive infrastructure, coordination of natural resource development and the provision of a variety of government services to business to enhance their competitiveness in the Canadian and international market place. The provincial government also regulates the province's financial and commercial markets and provides services to consumers.

Chart 6.1 Expenditure by Function, 1988/89



Social Programs

Provincial government social programs form the basis for a caring and equitable society in British Columbia. These programs ensure that the province's less fortunate have access to the necessities of life while also enhancing the livelihood of all citizens by developing a safe and secure social environment.

Health Programs

The total expenditure for the province's health programs during 1988/89 was $4 billion. This represented an average expenditure of $1,325 for each resident of the province. Spending by the provincial government to provide health services accounts for about one-third of total provincial government expenditure.

Hospital Programs

The provincial government spent $1.9 billion on hospital programs during 1988/89. Operating funds of approximately $1.8 billion supported 11,298 beds and 1,350 bassinets in the province's 99 acute care hospitals, 428 beds in four rehabilitation care hospitals, 7,528 beds in 90 extended care hospitals and units, and 15 diagnostic and treatment centres. An additional $88 million was allocated for hospital construction and renovation, and $41 million was allocated for equipment purchases.

During 1988/89, 435,000 acute/rehabilitation patients were admitted to the province's hospitals, with an average stay of 7.4 days. Acute care and rehabilitation patients and long-term care patients in acute care facilities received a total of 3.5 million days of care, while extended care patients received 2.7 million days of care.

Out-patient services included 168,000 day surgery visits, 1.6 million emergency and short-stay surgery visits, 44,000 kidney dialysis visits, 118,000 psychiatric visits, and 659,000 physiotherapy visits.

Medical Services

The Medical Services Plan (MSP) offers comprehensive insurance coverage of medical care as well as enhanced services provided by chiropractors, optometrists, physiotherapists, massage practitioners, podiatrists, naturopaths, and of specific oral surgery procedures performed in hospitals. Approximately 98 per cent of British Columbians are covered by the MSP while the federal government provides health care insurance under special statutes to other residents, such as Armed Forces personnel.

Medical Services Plan expenditures during 1988/89 amounted to $1.1 billion. Subscriber premiums funded approximately one half of this expenditure with the remainder being funded out of general revenue. Premium assistance was also provided to lower income persons (see Appendix Table A6.1).

During 1988/89, MSP expenditures were distributed as follows:

- approximately $1 billion paid to physicians and surgeons, including $51 million for salary and sessional payments, and $10 million to the physicians' education and disability fund;
- $61 million paid to enhanced service health care providers; and,
- $34 million for administration.

Continuing Care Program

The Continuing Care Program helps persons with long-term health problems requiring supportive care. During 1988/89, the program administered $365 million for the following programs:

- 16,800 beds in 386 long-term care facilities which provide residential care for physically and mentally infirm adults;
- the Home Nursing Program which provides comprehensive care by experienced registered nurses to assist patients of all ages remain in their own homes during illness (33,000 admissions received a total of 690,000 nursing visits and 32,000 treatment visits);
- Home Support Services which help handicapped adults, including a specialized homemaker respite service offering relief to family care-givers who provide 24 hour care for disabled family members (nearly 33,000 clients in 29 communities received help);
- the Community Physiotherapy Program which provides an average of over 13 hours of treatment per month to 5,600 clients;
- the Adult Day Care Program which provides personal assistance in a protective group setting for adults with physical and mental disabilities who do not require the full-time use of a facility; and,
- Group Homes for the Handicapped, which helps younger handicapped persons reside in a community setting.

Pharmacare Program

The Pharmacare Program provides reimbursement for prescription drugs, eligible medical supplies and designated permanent prosthetic appliances. For the majority of British Columbians, 80 per cent of eligible expenditures in excess of $325 are reimbursed under the program. British Columbians aged 65 and over receive free prescription drugs under the program but are required to make a 75 per cent co-payment of drug dispensing fees up to an annual maximum of $125. Residents of licensed long-term care facilities and private hospitals and eligible income assistance recipients receive program benefits at no personal cost. Expenditures for this program were approximately $185 million during 1988/89.

Community and Family Health Care

Community and Family Health Care includes mental health services, court-related psychiatric services, services to the handicapped and community and preventive health services. During 1988/89, almost $264 million was spent on providing these services.

Facilities providing mental health services include the 1,200-bed Riverview Hospital and 55 other mental health centres.

The Forensic Psychiatric Services Commission provides consulting and assessment services to the courts and treatment to mentally disordered persons referred by court order. Facilities include the Forensic Psychiatric Institute, a 121-bed secure facility, the Maples Adolescent Treatment Centre, a 69-bed facility for mentally ill adolescents, and an in-patient assessment unit for youths requiring assessment under the federal *Young Offenders Act*.

The Services to the Handicapped Division of the Ministry of Health was established to develop community based alternatives to institutional care for the severely handicapped. Emphasis is on community placement of mentally handicapped persons. The division also funds Glendale Lodge, a 325-bed facility for severely physically and mentally handicapped persons.

The Preventive Services Program promotes lifestyle and health care practices that help eliminate or minimize illness and disease. It includes the activities of the public health nursing, fitness, nutrition, dental health, and speech and hearing branches of the Ministry of Health, health education and immunization programs, public health inspections and the British Columbia Centre for Disease Control.

The British Columbia Centre for Disease Control coordinates health services for the control of sexually transmitted diseases and the control of tuberculosis. The centre also provides kidney dialysis services and manages provincial public health laboratories.

Alcohol and Drug Programs

During 1988/89, the Ministry of Labour and Consumer Services introduced the Community Action and Awareness Program, a three-year, $137-million commitment to substance abuse prevention, treatment and research. During 1988/89, $38 million was spent on prevention and treatment programs.

Funded agencies include 101 out-patient clinics, eight detoxification centres, three supportive recovery homes and 11 residential centres for intensive treatment.

Emergency Health Services

Emergency Health Services provides ambulance service and pre-hospital care through 774 full-time and 2,000 part-time attendants working from 359 ambulances and 15 support vehicles based in 164 communities. During 1988/89, there were over 276,000 ground ambulance trips and over 6,100 air ambulance flights. Emergency Health Services expenditure amounted to $64 million in 1988/89.

Vital Statistics

The Vital Statistics Division of the Ministry of Health administers the *Vital Statistics Act*, *Marriage Act*, *Name Act*, and Part II of the *Wills Act*, in regard to the registration of vital events, issuance of marriage licences, appointment of marriage commissioners, registration of name changes and other services to the public. The division also maintains a voluntary Adoption Reunion Registry under the *Adoption Act*. These services are provided at offices in Victoria and Vancouver and by a regional network of district registrars, marriage commissioners and issuers of marriage licences. During 1988, the division registered 43,565 births, 22,786 deaths, 24,450 marriages and 45,761 wills.

Education Programs

Provincial government expenditure for education programs during 1988/89 was almost $2.9 billion. Education programs in British Columbia are provided by two ministries; the Ministry of Education which is responsible for primary and secondary education and the Ministry of Advanced Education and Job Training which is responsible for post-secondary education.

Public Schools

The British Columbia public school system encompasses all grades from kindergarten to grade 12, with free tuition. Kindergarten is available for children five years old in most school districts but is not compulsory. Public school attendance, or a satisfactory alternative, is compulsory for children between seven and fifteen years of age. The length of the school term is normally between 195 and 200 days per year.

There are 1,502 public schools in the province, including 1,133 elementary schools, 97 combination elementary/secondary schools and 272 secondary schools with approximately 500,000 pupils.

The Ministry of Education provides overall management of the school system by setting a framework to ensure basic equality in school programs across the province. Direct administration is provided by locally elected boards of trustees in the province's 75 school districts.

During 1988/89, expenditures for public school education exceeded $2.2 billion or approximately $4,400 per pupil. Provincial government contributions totalled $1.8 billion or about 82 per cent of total expenditure. School districts raised an additional $328 million (net of provincial government homeowner grants) through residential property taxation.

Provincial contributions to public school education included the following:

- contributions to school district operating budgets of $1,275 million including the non-residential property tax levy;
- contributions of $141 million for the provincial share of interest and sinking fund charges for capital construction projects and equipment purchases for schools;
- contributions, on behalf of all school districts, to cover the employer's contribution to the Teachers' Pension Fund and the employer's portion of medical and dental expenses for retired teachers totalling $124 million;
- grants to homeowners of $296 million to reduce residential property taxes levied directly by school districts and other taxing authorities;
- grants to school districts totalling $29 million for special projects related to computer technology acquisition and teacher training; and,
- Pacific Rim Initiatives funding of $3.6 million to provide for curriculum development, teacher training and student and teacher exchanges.

Independent Schools

The provincial government also provided grants totalling $46 million during 1988/89 to 224 independent schools with approximately 31,000 pupils. These grants were to cover operating costs and for special projects related to computer training.

Universities

There are three publicly funded universities in British Columbia — the University of British Columbia located in Vancouver; Simon Fraser University located in Burnaby; and the University of Victoria located in Victoria. These universities offer a wide range of courses in undergraduate, graduate and professional programs. They conduct basic and applied research and contribute to the cultural development of the province. Approximately 38,000 full-time and 18,000 part-time students were enrolled at these institutions during the fall of 1988.

During 1988/89, the provincial government contributed $400 million to the British Columbia university system to fund operating expenses and capital debt servicing. The provincial government funded approximately 80 per cent of university operating expenses while 18 per cent of operating requirements was met through tuition fees and 2 per cent was funded by other revenue sources.

Beginning in 1988/89, the six-year, $110-million University Matching Program provided $10 million the first year and will provide up to $20 million annually for the next five years, to match private sector donations to the three provincial universities. This money is in addition to the general operating and capital grants the universities receive and will be used to fund a variety of scholarships, bursaries, endowed chairs and capital projects. In the first year of the program, $20 million of provincial and private sector funds were allocated to the three universities with the University of British Columbia allotted 60 per cent and Simon Fraser University and the University of Victoria receiving 20 per cent each.

Most university research is supported by grants and contracts from government agencies, private foundations, and industrial corporations. The three provincial universities attracted an estimated $98 million in external funding for research in 1988/89. The major research enterprises are TRIUMF, B.C. Research, PAPRICAN, Agriculture Canada, Forintek, and the Biomedical Research Centre at University of British Columbia; Microtel Pacific Research in Burnaby; and the Bamfield Marine Station on Vancouver Island.

Colleges and Institutes

British Columbia also has an extensive non-university, post-secondary education system providing academic, technical, vocational, career and adult basic education programs. The programs are administered through 15 community colleges and three institutes located throughout the province. During 1988/89, there were approximately 39,000 full-time and 34,800 part-time academic, career and technical students, and 76,000 full-time and part-time vocational students attending these centres.

The provincial government provided $382 million during 1988/89 in support of college and institute operating expenses and capital debt servicing. This contribution funded approximately 75 per cent of total college and institute

operating expenses while the remaining requirements were met through tuition fees and other revenues.

Distance Education

In April 1988, British Columbia established the Open Learning Agency to coordinate open learning programs and services in the province. The agency is comprised of three components: the Open University which collaborates with the province's three public universities to develop and deliver undergraduate and graduate courses; the Open College which works with British Columbia's colleges and institutes to respond to needs for career, technical and vocational courses; and the Knowledge Network which collaborates with the province's post-secondary institutions to telecast their courses, and to provide a variety of general interest and popular children's programs. The provincial government contributed $19 million in 1988/89 for distance education activities and there were approximately 54,000 registrations in credit courses.

International Education

International education enhances the province's academic, cultural and economic links with the world and the Asia Pacific region in particular. Currently, British Columbia institutions are involved in over 63 international education contracts valued in excess of $46 million. In addition, in 1988/89, there were over 4,000 international students enrolled in provincial educational institutions directly contributing over $40 million to the British Columbia economy.

Student Assistance

Students attending post-secondary institutions are eligible for a variety of financial assistance programs depending on the student's merit and degree of need. During 1988/89, Ministry of Advanced Education and Job Training expenditure on student financial assistance was in excess of $43 million.

A number of scholarships are awarded for outstanding performance, such as the Premier's Excellence Awards of $5,000 for the top Grade 12 student in each college region who subsequently enrolls in a British Columbia post-secondary institution.

The Passport to Education program which was introduced in 1988 encourages student initiative by allowing secondary students to earn financial credits to apply towards the post-secondary or job train program of their choice. Credits are earned on the basis of academic performance and school/community activities.

Student financial assistance in the form of repayable and non-repayable loans is available from the federal and provincial governments. Annual awards of up to $6,800 to a student without dependents and $10,200 for a student with dependent children are available, providing the student demonstrates a personal commitment through paid or volunteer work. Upon successful completion of a program the provincial government will repay, on behalf of an eligible student, any loans in excess of $12,000 for a first degree and $16,000 for a second degree.

Other special assistance programs include forgivable loan funds for severely disabled students and support for persons undertaking adult basic education.

In March 1989, the provincial government announced the "Access for All" initiative. This six-year, $690-million initiative will increase college and university enrolment by 15,000 full-time students across the province and make university programs available outside Vancouver and Victoria.

Social Services Programs

The Ministry of Social Services and Housing delivers a wide range of social services and income security programs to assist the elderly, the handicapped and people requiring income assistance or social support.

Income Assistance

The Guaranteed Available Income for Need (GAIN) program provides income assistance to eligible British Columbia residents between the ages of 19 and 64 who cannot provide the necessities of life for themselves and their dependents. The program also provides an assured minimum income for eligible handicapped persons and senior citizens. In March 1989, income assistance was provided to 133,003 individuals and 96,979 dependents. Total expenditures on income assistance in the 1988/89 fiscal year were $868 million.

Family and Children's Services

The Ministry of Social Services and Housing provides services for families and children including adoption services, child protection, foster care and family support (such as homemakers to help care for children) and initiatives to support the integrity of the family. In 1988/89, expenditure totalled $116 million.

Rehabilitation and Support Services

In 1988/89, the Ministry of Social Services and Housing spent $118 million for rehabilitation and support services including residential care, self-help skills training, achievement centres, supported work placement and professional services for mentally handicapped adults, subsidized and special needs day care, infant development programs and senior citizen counsellors.

Under the Community Projects Funding Program, the ministry contributed $5 million to non-profit societies that provide social services which complement ministry programs in local communities.

Expenditure for special programs for the mentally handicapped, which includes the Alder Lodge and Woodlands institutions, totalled $42 million.

Services for Seniors

The provincial government also provides a variety of programs for senior citizens to support and enhance their independence, well-being and health.

The Shelter Aid for Elderly Renters (SAFER) program provides renters, aged 60 and over and in financial need, with monthly shelter aid payments. The maximum eligible monthly rental assistance is $450 for a single person, $475 for a couple and $700 for those who share. Expenditure on the program was $6 million in the 1988/89 fiscal year.

The GAIN for seniors supplement provides a guaranteed minimum income to those seniors in receipt of the federal government's old age security, guaranteed income supplement and spousal allowance payments. There were 50,006 program recipients, as of March 1989, and expenditure in 1988/89 was $21 million.

The Bus Pass Program provides subsidized bus passes to aid and encourage the mobility of eligible low-income senior citizens and recipients of GAIN handicapped benefits. Total program expenditure for 1988/89 was $7 million.

Housing and Land Development

A number of programs are available to provide mortgage assistance and housing for senior citizens, families and disabled persons.

The Home Purchase Assistance Program offered second mortgages of up to $10,000 to eligible purchasers of new or existing homes with values within prescribed price limits. In 1988/89, 9,593 mortgages were issued totalling $66 million. Effective June 15, 1989, the Home Purchase Assistance Program was replaced by the British Columbia Home Mortgage Assistance Program which is administered by the Ministry of Finance and Corporate Relations.

In 1988, 1,664 units of non-profit social housing were committed under new federal/provincial housing agreements: 644 units for seniors, 758 for families, and 262 for disabled persons. Annual provincial subsidies for these units, when completed, are estimated at $4 million.

In cooperation with the Ministry of Health and the Ministry of Social Services and Housing, the British Columbia Housing Management Commission approved 169 beds in non-profit housing, in group homes and in larger facilities for mentally and physically disabled persons. The estimated annual expenditure by the commission on these units is approximately $200,000.

The Crown Land Fund Special Account provides recoverable financing for the acquisition, servicing and development of land for residential, recreational, agricultural and commercial purposes. The account also provides for non-recoverable expenditures for park land, social housing sites and ecological reserves, and for operating costs in support of Crown land and residential land development programs.

Labour Programs and Services

The Ministry of Labour and Consumer Services provides various services which promote labour/management cooperation throughout the province. The Ministry of Advanced Education and Job Training develops and administers job training and employment programs which are intended to upgrade the skills of the provincial labour force.

Employment Standards

The Employment Standards Branch of the Ministry of Labour and Consumer Services enforces legislation pursuant to the *Employment Standards Act* which regulates conditions of employment including hours of work, payment of wages, minimum wages, annual holidays, maternity benefits, and terminations.

The program is delivered through 15 field offices throughout the province. The branch also provides investigation and mediation services to the Industrial Relations Adjudication Division and investigation and other services to the British Columbia Council of Human Rights.

During 1988/89, the Employment Standards Branch handled almost 17,000 complaints and recovered almost $5.5 million in unpaid wages and vacation and severance pay on behalf of employees.

Industrial Relations Council

The Industrial Relations Council (IRC) was established in July 1987 under the *Industrial Relations Act.*

The Dispute Resolution Division assists parties involved in collective bargaining to settle contract disputes, monitors all labour disputes and designates essential services. During 1988, the chairman appointed mediators in 88 disputes covering 103 employers and 10,397 employees. Mediators were successful in reaching agreements in 84 per cent of these disputes.

The Industrial Relations Adjudication Division deals with legal issues involving bargaining rights, unfair labour practices, strikes and picketing. During 1988, the Adjudication Division received 3,695 new applications and disposed of 3,614 cases.

During 1988, the IRC streamlined its registry and adjudication procedures, resulting in significant improvements in the average time between the receipt of applications and disposition of those cases.

The commissioner of the Industrial Relations Council also monitors all labour disputes. The commissioner can: appoint a fact-finder; meet with disputing parties; appoint a Public Interest Inquiry Board; direct the Disputes Resolution Division to appoint a mediator; or, when the public interest is at stake, may direct that a vote be taken on the employer's last offer.

Safety Engineering Services

The Safety Engineering Services Division of the Ministry of Municipal Affairs, Recreation and Culture provides services to ensure safe living and working conditions. The services relate to the installation and operation of boiler and pressure vessels, elevators, amusement rides and gas and electrical systems. Standards development, safety education and safety assurance activities are undertaken in conjunction with industry.

Workers' Compensation Board

The Workers' Compensation Board compensates injured workers for loss of earnings and medical expenses and provides rehabilitation for disabling injuries. It also protects workers on the job by promoting accident prevention, industrial hygiene, first-aid regulation and inspection, and safety education programs. The board encourages cooperation between labour and management on accident prevention and industrial safety.

The cost of the program is paid by employers through assessments based on previous accident records. Employers paid $442 million in assessments in 1988 while 192,515 claims cost $399 million.

The board also administers the *Criminal Injuries Compensation Act*, which compensates those injured or killed as a result of any one of 50 criminal offences set out in the act and those injured while assisting police officers.

The Workers' Compensation Review Board is an independent appeal body which reviews decisions of the Workers' Compensation Board at the request of workers, their dependents, or employers. In 1988, 5,365 review board findings were issued.

Compensation Advisory Services

Workers' Advisers and Employers' Advisers assist workers and employers in their dealings with the Workers' Compensation Board. Workers' Advisers provide advice to injured workers and their dependents about the policies and benefits of the Workers' Compensation Board, as well as assistance in cases involving complex legal and medical issues or important policy questions. Employers' Advisers provide independent advice, assistance and information to employers, potential employers and employers' associations with respect to workers' compensation legislation, decisions, appeals, policy and related matters.

Employment Training Programs

The Job Training Division of the Ministry of Advanced Education and Job Training is responsible for a variety of employment programs, including apprenticeship training programs, as well as vocational and rehabilitation services and private training institutions.

Employment training programs provide assistance to employers to hire and train new and existing employees, and to develop and implement long-range training strategies within their organizations.

Apprenticeship training programs provide counselling and consultative support to approximately 12,000 apprentices annually. In 1988/89, approximately 2,900 apprentices successfully completed their indenture period. In addition, approximately 6,700 tradesmen received trade certification or participated in upgrading and retraining programs.

In February 1989, the Ministry of Advanced Education and Job Training, in conjunction with the Ministry of Education, introduced the Passport to Apprenticeship program. This program provides students with the opportunity to

obtain work experience and practical on-the-job training while still in high school. Approximately 60 students participated in the pilot phase of this program.

The Ministry of Advanced Ecucation and Job Training is responsible for the registration and monitoring of over 400 private training institutions in British Columbia. Over 50,000 students graduate from these institutions each year.

Vocational Rehabilitation

In 1988/89, approximately 1,900 disabled persons received employment-oriented training and other assistance through the vocational rehabilitation services of the Ministry of Advanced Education and Job Training.

Women's Secretariat

The Women's Secretariat of the Ministry of Advanced Education and Job Training coordinates all government initiatives specifically related to women and ensures that issues of concern to women are considered at the most senior levels of government. The responsibilities of the secretariat include policy planning and research, regional programs, communications and special projects, training and career development, and advancement for women in the British Columbia public service. The Women's Secretariat has a mandate to ensure that women are full and equal partners in the social, political and economic life of British Columbia. To fulfill this mandate, the secretariat plays an advocacy, monitoring and leadership role on all issues affecting women in the province.

Youth Advisory Council

The British Columbia Youth Advisory Council of the Ministry of Advanced Education and Job Training was established in 1985 to provide a direct link between young British Columbians and government. The council assists young people to achieve their full potential and to actively participate in the social, economic and public life of the province.

Major activities include: involvement with regional youth committees to ensure all young British Columbians will be represented to government; a $500,000 Youth Grants Program to stimulate projects which benefit youth; special projects such as a report on substance abuse in northern regions; and, recommendations on the provincial voting age.

Parks, Recreation and Sport

The ministries responsible for environment and parks represent provincial interests in the management and allocation of the province's parks and outdoor recreation resources. They administer policies for the safe and responsible use of these resources, including regulations governing river rafting, boating, all-terrain vehicles, and a program to recognize valuable recreation corridors, such as rivers and trails.

Under the *Park Act*, the Ministry of Parks administers a provincial park system comprising 379 parks and recreation areas of more than 5.4 million hectares, and offers to the public over 11,300 campsites, 115 boat ramps and 185 developed beaches.

The Recreation and Sport Branch of the Ministry of Municipal Affairs, Recreation and Culture provides financial assistance to promote physical fitness and participation in amateur sports. In 1988/89, $15.1 million was distributed in grants from the Physical Fitness and Amateur Sports Fund Special Account and the Lottery Fund Special Account for recreation and sport.

Cultural Services

In 1988/89, the Cultural Services Branch of the Ministry of Municipal Affairs, Recreation and Culture distributed nearly $10 million in grants from the British Columbia Cultural Fund Special Account and the Lottery Fund Special Account to cultural organizations throughout the province.

Library Services

In 1988/89, the Library Services Branch of the Ministry of Municipal Affairs, Recreation and Culture provided grants totalling approximately $7 million to municipal and regional public libraries, public library associations, reading centres and other library groups.

British Columbia Heritage Trust

The British Columbia Heritage Trust Fund was established in 1977 by the *Heritage Conservation Act*. In 1988/89, over $1.2 million was awarded from the Heritage Trust Fund to assist 103 projects.

Ombudsman

The *Ombudsman Act* provides for an independent officer of the legislative assembly to investigate complaints concerning provincial government ministries and certain other government agencies.

Native Affairs

The Ministry of State for Nechako and Northeast. Responsible for Native Affairs develops and coordinates government policies and activities relating to native issues. In addition to maintaining liaison with Native Indian groups, local communities and the federal government, the ministry administers the First Citizens' Fund Special Account which provides grants and loans for the cultural, educational and economic benefit of Native Indians. Expenditure of the special account in 1988/89 was approximately $1.2 million.

Protection of People, Property and the Environment

The provincial government plays an active role in maintaining the superior quality of life available to British Columbians. Government activities include safeguarding human rights, coordinating law enforcement and the justice system and designing and administering programs which protect the environment.

British Columbia Council of Human Rights

The British Columbia Council of Human Rights is responsible for administering and enforcing the *Human Rights Act*, proclaimed in September 1984. The five-member council receives, investigates and adjudicates allegations of discrimination and informs the public on how to use the council's services and how to avoid and prevent discrimination.

The council carries on a wide-ranging educational program including a curriculum unit to be used in high schools, speaking engagements at colleges, and an on-going relationship with community groups.

JUSTICE REFORM

In recent years the justice system has been criticized as being increasingly costly, lengthy and complex and, therefore, less accessible to the public it is meant to serve.

In response to these concerns, the government established the Justice Reform Committee in November, 1987. The committee's task was to make recommendations to the government for improvements to the justice system which would result in better access for the public.

In its **Access to Justice** report released in December 1988, the committee made 182 recommendations addressing all areas of justice. The government accepted the recommendations of the committee and, in response, announced major new initiatives beginning in April 1989 which will be implemented over the next three years.

Access To Justice

The committee recommended legislative and program initiatives designed to:

- improve the operation of the court system, including streamlining and enhancing the court process and proposing alternatives to it;
- improve the criminal justice process; and
- introduce special measures to ensure access to the justice system for victims, witnesses, native people, legal aid clients and the disabled.

Streamlining the Courts

In order to reduce costly delays in the court system, the Supreme and County Courts will be merged into one new Supreme Court in 1990. This will provide resident Supreme Court judges in all regions of the province. In addition, officers of the court called Masters will be used more often to deal with routine matters, allowing judges' time to be used for more complex matters.

Small Claims Court will now have jurisdiction for disputes up to $5,000 in value. This means that more disputes can be settled less expensively. Complementing this change, the new Economical Litigation Program will be implemented to deal with cases valued between $5,000 and $20,000. Under the program, litigants may conduct their own trials, using plain language forms and simplified processes.

Changes to the technical rules governing operations of the courts will be made to allow more opportunities for out-of-court settlement, alternatives to court orders and new methods of setting trial dates.

Two pilot projects will be undertaken to determine whether evening and weekend court sittings will help reduce costly delays and make attending court more convenient for the public by minimizing time lost from work. To further improve public access, a toll-free telephone line will be introduced to provide information on the operation of the justice system.

As alternatives to criminal court and civil (non-criminal) court, the government has recognized the benefits of diversion and alternative dispute resolution. Diversion (for example, community work rather than incarceration) is used in minor criminal offences and will be enhanced province-wide within three years. For civil cases, alternative dispute resolution mechanisms such as mediation will be studied in two pilot projects to determine cost-effectiveness for litigants.

Improvements to Criminal Justice Process

Additional crown prosecutors and support staff will be provided, at a cost in 1989/90 of $400,000, to deal with the increasing volumes and complexity of criminal cases. Emphasis will be placed on special prosecutions such as child sexual abuse, dangerous offenders and commercial crime.

In order to reduce the length and number of trials, new pre-trial court procedures will be implemented on a pilot basis. By encouraging full pre-trial disclosure of the issues, counsel can determine before trial which issues can be agreed upon and will therefore not require evidence in court. The objective is to reduce unnecessary court time.

Costs of investigating and prosecuting offences are high. New legislation has been passed allowing the government to recover the costs associated with prosecuting certain crimes from the convicted perpetrator.

Special Measures for Special Groups

For some British Columbia residents, barriers to justice may exist which are not fully addressed by the initiatives described above. Some courtrooms are not yet accessible to those with disabilities, some low income citizens do not qualify for legal aid under existing eligibility standards, some victims have gone uncompensated for their losses, and some witnesses continue to find their involvement with the justice system traumatic and costly. In addition, native people and those for whom English is a second language, may be disadvantaged in their dealings with the system.

Although significant progress has taken place over several years to improve access for these groups, initiatives will begin in 1989/90 to address any barriers to justice which still exist for the disadvantaged.

During 1988/89, the council received 7,232 inquiries and 348 new complaints, held 61 hearings and members of the council gave 110 speeches outlining rights and responsibilities under the act.

Administration of Justice

The Ministry of Attorney General administers a justice system which ensures protection of individual and public rights in an equitable, effective and efficient manner. The ministry also provides legal advice and services to the government and defends its position in legal forums. During 1988/89, Ministry of Attorney General expenditure was $205 million.

Criminal Justice

The administration of criminal justice is the responsibility of the Criminal Justice Branch. The branch speaks on behalf of the Attorney General in criminal matters and advises all government departments on matters of prosecution under provincial statutes and under the Criminal Code of Canada. The branch is supported by Regional Crown Counsel offices throughout the province. The branch also deals with criminal appeals, special prosecutions, policy and legal services and victim services.

Court Services

The Court Services Branch provides court facilities throughout the province and informs the public on all matters relating to the courts. The branch files and processes all documents submitted to court registries and provides the staff, security and information necessary for the operation of all court hearings, including the official court verbatim record. It is also the branch's responsibility to carry out and enforce court orders, including escorting prisoners and serving court documents. There are 75 staffed court locations throughout the province with travelling courts visiting 20 small communities.

Justice Services

The Community Program Division administers the ministry's Family Maintenance Enforcement Program, which works on behalf of creditors seeking enforcement of court ordered family maintenance payments.

The Victim Assistance Program provides victims of crime with the practical support they need as they move through the justice process and cope with the impact of the crime.

The Legal Services Society ensures that legal assistance is available to individuals who, due to financial restraints, would not otherwise receive legal advice. Education, advice and information about the law are also provided.

Public Trustee

The Public Trustee protects the assets and legal claims of persons who cannot protect themselves when other assistance from relatives or other legal entities is inappropriate or unavailable. Services also include the investigation of complaints and assistance in management of financial and legal affairs.

Land Registry

The seven land title offices of the Ministry of Attorney General maintain records of all transactions in real property and issue certificates of title for each parcel of

land. Each office has a registrar responsible for correctly interpreting the *Land Title Act* and all applicable statutes, to ensure that security of title is maintained at all times.

Law Enforcement and Public Safety

The Ministry of Solicitor General is responsible for law enforcement and issues of public safety, including police, corrections and a variety of regulatory, inspection and emergency services. During 1988/89, Ministry of Solicitor General expenditure was $302 million.

Police Services

The Police Services Branch provides services to help protect life and property and to reduce crime. The branch is responsible for municipal police training at the British Columbia Police Academy, while the British Columbia Police Commission monitors and audits the operation of local police forces. The branch is also responsible for firearms control and for the Provincial Emergency Program.

The Coordinated Law Enforcement Unit is a department of the Police Services Branch which coordinates activities of police and other agencies to suppress organized crime. Through its Joint Forces Operations, it attempts to identify and apprehend organized and major criminals through focused, long-term investigations.

Corrections

The Corrections Branch is responsible for family court counselling, community service order programs and youth and adult probation. The branch also operates correctional facilities for certain accused or convicted youths and for adults serving sentences of up to two years.

Justice Institute

The Justice Institute is a post-secondary training institution for people working within the fields of justice, emergency health and public safety. The institute offers programs to professionals and the general public on justice-related topics.

British Columbia Gaming Commission

The British Columbia Gaming Commission sets policy for gaming within the province. The commission establishes the terms and conditions of licences to be issued to charities that use bingos, ticket lotteries or casino events to raise funds and acts as the licensing authority for such charitable events.

Motor Vehicle Department

The Motor Vehicle Department is responsible for regulating drivers, vehicles and motor carriers operating within the province to ensure safety on all roads and compliance with provincial and federal legislation.

Environmental Protection Programs

The Ministry of State for Cariboo, Responsible for Environment is responsible for preventing environmental degradation and ensuring that environmental management can meet the changing needs and priorities of the many users of natural resources. Ministry programs are carried out through regional centres across the province. During 1988/89, ministry expenditure totalled $88 million.

Waste Management

The ministry establishes pollution-discharge quality standards for municipalities and industries. These standards are specified in discharge permits which are required for discharging any waste into the environment. Local governments may receive financial assistance for sewage treatment and for disposal through the Ministry of Municipal Affairs, Recreation and Culture.

The Waste Management Branch administers a number of programs to encourage environmentally safe and efficent management of wastes. Projects to recover materials and generate energy from refuse are currently operating or under development at several locations. A new program to strictly regulate the production, transport and disposal of environmentally hazardous materials is now in effect.

The development of a long-term control program for solid waste is a new initiative for the branch. By December 31, 1995, all regional districts are required to prepare solid waste management plans which are to include a strategy for local control of bio-medical waste.

Ecological Protection

Under the *Ecological Reserve Act*, a total of 119 ecological reserves have been established, covering 155,128 hectares, of which about one-third are sub-tidal.

Conservation Projects

The Wildlife Branch administers the Habitat Conservation Fund Special Account for the acquisition and enhancement of important fish and wildlife habitats. Since 1981, the fund has financed 500 projects throughout the province with a total expenditure of $11 million.

Most of the revenue of the fund comes from a surcharge on hunting, guiding, trapping and fishing licences and public donations. This year the surcharge was increased from $3 to $5, bringing an additional $1.1 million into the fund and allowing more projects to be funded.

The Wildlife Branch also administers the Public Conservation Assistance Fund. The provincial government and Wildlife Habitat Canada, as partners in the fund, each provide grants of up to $50,000 annually. These grants support non-profit clubs, organizations and individuals to defray the capital costs of conservation projects. Applicants must contribute an amount equal to or greater than the amount of the grant and one-half of the work must be done by volunteer labour.

Fisheries

The Recreation Fisheries Program facilitates healthy and abundant fresh-water fish populations through protection and enhancement of natural spawning and rearing habitats; production of hatchery fish to restock lakes and streams; and management of angler demand through regulations, licensing, and public information and education.

Pesticide Control

The Pesticide Control Branch is responsible for regulating the sale and use of all pesticides in the province.

Water Management

Objectives of the Water Management Branch include: assured protection of licensed water rights and in-stream uses; reduction in the potential for property damage and loss of life due to flooding; a high level of water resource quality through the establishment of resource quality objectives; an assured adequate level of water service to the public by privately owned utilities; and a high level of public health engineering support for the Ministry of Health. In 1988/89, project funding included $4 million for Fraser River flood control, river protection assistance and dyking, and flood plain studies. An additional $860,000 was provided for the control of Eurasian milfoil in lakes and rivers throughout the province.

Economic Development Programs

The provincial government administers numerous services and programs to ensure British Columbia's continued economic growth. One of the government's major contributions to the provincial economy is an extensive infrastructure which provides the framework essential for a dynamic economy. Chapter 4 outlines British Columbia's economic infrastructure.

The government also encourages the efficient and environmentally-sensitive management of the province's abundant natural resources. These programs are complemented by a wide array of services to businesses designed to encourage regional and industrial development as well as increase British Columbia's competitiveness in domestic and overseas markets.

Business and Industrial Development Programs

The Ministry of Regional Development is responsible for promoting regional and industrial development in British Columbia through a variety of intergovernmental and government-industry programs and projects (see Table 6.1).

Table 6.1 Financial Incentives for Economic Development

The provincial government funds and administers a wide range of economic development programs which provide financial incentives directed toward strengthening and diversifying the provincial economy.

Program or Service	Purpose	Form of Assistance	Program Administrator
Research/Development:			
Technology Assistance Program	To assist companies engaged in manufacturing, processing and service industries to increase productivity, develop new products and improve profitability. Projects are science/engineering oriented and involve technology research.	Up to 50% of the costs incurred to a maximum level of support of $20,000.	Ministry of Advanced Education and Job Training through B.C. Research
Science and Technology Development Fund	To promote science and technology initiatives.	Provides conditional grants and general assistance for applied research and development.	Ministry of Advanced Education and Job Training
Discovery Enterprises Inc.	To provide early stage financial assistance to medium to high risk advanced technology endeavours with a major British Columbia component.	Provides venture capital and takes an equity position in advanced technology companies.	Ministry of Advanced Education and Job Training and Discovery Foundation
Tourism Industry Support Program	To conduct major research activities of broad interest to the industry and to conduct specific opportunity identification research.	Contributions to B.C. tourism associations.	Ministry of Tourism and Provincial Secretary/ Ministry of Regional Development

Table 6.1 Financial Incentives for Economic Development — *Continued*

Program or Service	Purpose	Form of Assistance	Program Administrator
Training/Management Development:			
Assistance to Associations Program	To aid business, trade and industry associations in providing management development opportunities to their members.	50% of costs up to maximum of $2,500 per year.	Ministry of Regional Development
Tourism Industry Support Program	To aid industry associations in the development and production of manpower and management training materials.	Contributions to B.C. tourism associations.	Ministry of Tourism and Provincial Secretary
Training Investment Program	To assist employers develop their human resources through training programs.	Provide up to 60%, to a maximum of $50,000, of direct training costs. Up to $3,000 for worksite modification to facilitate the employment and training of disabled persons or women entering non-traditional occupations.	Ministry of Advanced Education and Job Training
Training Opportunities Program	To facilitate the employment of persons with disabilities or women entering non-traditional occupations.	Funding to a maximum of $3,000 to eligible employers. Also, wage assistance to employers who offer eligible new employees the opportunity to develop skills which lead to permanent employment.	Ministry of Advanced Education and Job Training
Capital Costs:			
Small Business Incentive Program	To encourage the establishment, modernization or expansion of firms engaged in manufacturing, processing, aquaculture and advanced technology in British Columbia.	Low-interest loans in amount of up to 50% of eligible project costs to a maximum of $500,000 and for a term of up to 5 years.	Ministry of Regional Development
Resource Industry Value-Added Program	To assist new and existing companies to produce specialty products based on B.C.'s natural resources or to utilize underexploited resources.	Provides low interest loans for up to 50% of capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Resource Industry Modernization Program	To assist existing manufacturing and processing companies in the resource sector to modernize operations by adopting new and advanced technology.	Provides contributions, normally repayable, for up to 30% of capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Small Business Venture Capital Program	To encourage private sector investment in selected economic sectors, e.g., manufacturing and processing, research and development, tourist resorts, aquaculture.	Tax credits equal to 30% of investment in a venture capital corporation.	Ministry of Regional Development
Tourism Product Development	Development of destination resorts, events and attractions.	Low interest loans. Project must be part of a destination resort.	Ministry of Regional Development
Industrial Diversification Program	To encourage companies to undertake projects that use advanced technology and that are in industry sectors countercyclical to B.C.'s traditional resource-based industries.	Provides contributions of up to 30% of eligible capital costs and/or loans up to 50% of eligible capital costs. Minimum project size is $2 million.	Ministry of Regional Development
Regional Seed Capital Program	To provide assistance to regional business for economic development initiatives.	Loan guarantees of up to 75% of eligible project costs, to a maximum of $50,000.	Regional Ministers of State
Export Assistance:			
Trade Mission Program	Trade missions to countries outside Canada sponsored and coordinated by ministry personnel.	All transportation costs associated with the mission, interpreters, and cost of hosting official receptions.	British Columbia Trade Development Corporation
Market Development Program	To assist firms to assess potential export market opportunities outside B.C. or to establish marketing arrangements.	One economy return air fare from B.C. to the designated market to a maximum of $2,000.	British Columbia Trade Development Corporation
Trade Show Assistance Program	To access national and foreign markets through participation of companies in trade shows outside B.C.	Provides assistance towards exhibit space rental costs to a maximum of $2,500.	British Columbia Trade Development Corporation

Source: Ministry of Regional Development.

Economic and Regional Development Agreement

The 10-year, Canada-British Columbia Economic and Regional Development Agreement (ERDA), signed in November 1984 provides a framework for closer economic cooperation and coordination with the federal government by means of specific sub-agreements. Eight subsidiary agreements have been concluded to date under the ERDA, representing a joint commitment by the federal and provincial governments to invest almost $600 million over five years in key sectors of the British Columbia economy, including forestry, industrial development, agriculture, science and technology, minerals development, small business and the tourism industry.

Programs under the $125-million Industrial Development Sub-Agreement help to improve the competitiveness of the resource sectors, aid diversification of the province's industrial base and encourage the use of advanced technology. The $50-million Small Business Incentives Sub-Agreement has programs providing financial incentives to manufacturers, processors, advanced technology companies and commercial aquaculture enterprises.

Since 1985, commitments under the Industrial Development Sub-Agreement and the Small Business Incentives Sub-Agreement have totalled $123 million and are expected to generate $534 million in additional investment (see Table 6.2).

Table 6.2 Summary of ERDA Industrial, Small Business and Tourism Projects

Subagreement	Funds Available	Funds Approved	Number of Projects Approved	Estimated Number of Jobs Created	Additional Investment Generated
	($ millions)				($ millions)
Industrial Development	125	105	70	3,008	508
Small Business Development	50	18	282	3,048	26
Tourism Industry Development	30	21	149	550[1]	48
Total	205	144	501	6,606	582

[1] Relates to product development part of subagreement only; jobs created by market development and industry support are difficult to measure.

Home Based Business

The Home Based Business Program provides assistance in the form of workshops, manuals and videos to entrepreneurs involved in starting or operating a home-based business. As of June 1989, 17 home-based business seminars had been held in communities throughout the province. An additional 27 seminars are planned for the remainder of 1989.

Venture Capital Program

The Small Business Venture Capital Program, introduced in 1985, stimulates investment in small businesses in key growth industries. Investors in venture capital corporations receive tax credits equal to 30 per cent of their investment.

At March 31, 1989, 111 venture capital corporations were approved and had raised $45 million in new equity capital. These corporations have targeted investment of $35 million in 75 small businesses.

THE B.C. BUSINESS NETWORK

Introduction

The B.C. Business Network (BCBN) was established in early 1988 to provide British Columbia businesses with business opportunities information that would give them a competitive edge over companies in other jurisdictions. In April 1989, the network took over operation of SupplyNet (now the BCBN companies database) from the Purchasing Commission.

General Description

The network is an electronic marketplace that links producers to markets, entrepreneurs to investors, and vendors to customers. It also links British Columbia regions to a common database. Information about economic opportunities in all areas of the province is therefore readily available to entrepreneurs throughout British Columbia. This ensures opportunities for economic development are shared by all regions of the province.

The main sections of the network are as follows.

- **Business Opportunities:** The network lists overseas buyers, distributors and sales agents looking for products; information on worldwide trade, consulting and major projects; equity investment opportunities in British Columbia businesses; businesses for sale or wanted; public tender opportunities from the four western provinces, the federal Department of Supply and Services, as well as overseas and development agency tenders. At any one time the network has over 3,000 business opportunities listed.
- **Companies Information:** Approximately 11,000 British Columbia manufacturers, processors, wholesalers and distributors are listed together with the products and services they supply.
- **Information Resources:** This includes a summary of business acts and regulations, an overview of government business programs and activities, key contacts in local, regional, and national governments, international business organizations and associations, listings of trade and export publications, videos and other sources of help; and local, national and international calendars of events.
- **Facts and Figures:** This features statistics on British Columbia including current financial, economic, geographic and demographic data as well as statistics on imports and exports through British Columbia ports.

In response to user suggestions, the network recently added five new data bases (Regional Index, Manufacturers and Exporters Directory, Import/Export Statistics, Sub-Sea Directory, and agricultural trade leads). In addition, the network's computer/communications system has been made easier to use and a number of user aids such as an automatic sign-on disk and a user manual have been prepared. Public tender opportunities now include tenders from the other western provinces as part of the Western Procurement Initiative.

As of June 30, 1989, the network had 700 users with a target of 1,000 users by the end of 1989. In a recent survey, 25 per cent of users reported some kind of direct business success directly attributable to the network.

Access

Individual users have access to the network using a computer terminal and the iNet 2000 service provided by B.C. Telephone. It is available 24 hours a day, seven days a week from anywhere in Canada, the United States and most European and Pacific Rim countries. Within British Columbia, the network is also available at the British Columbia Enterprise Centre in Vancouver, at chambers of commerce, economic development commissions and some government agents' offices (see Appendix 10 for a list of government agents).

Employee Investment Program

On June 5, 1989, the *Employee Investment Act* was introduced to encourage employee investment in British Columbia business. The program consists of the Employee Share Ownership Plans (ESOP) component and the Employee Venture Capital Corporations (EVCC) component. The objective of the ESOP component is to encourage employee participation in the businesses in which they work as well as an additional source of equity capital for British Columbia businesses. The objective of the EVCC component is to encourage the formation of employee-controlled pools of capital for investment in small and medium-sized British Columbia businesses.

Community and Regional Economic Development

The Community Organizations for Economic Development Program (COED) comprises two program elements. The $1.5 million Committees Program element helps meet operating and overhead costs of 31 local economic development committees. The Special Projects Program element helps fund research studies and promotional initiatives to increase awareness of business opportunities and the economic development process. In 1988/89 more than $250,000 was approved to assist 48 special projects. COED-supported activities are anticipated to preserve or create 7,000 jobs throughout the province.

Business Information Centre

During 1988, the Business Information Centre in Vancouver and its satellite offices answered 180,000 requests for information and assistance from British Columbia businesses. The centre provides comprehensive counselling and information on international and domestic opportunities, through the "B.C. Business Network" computerized information system and the "SupplyNet" government procurement network. A new addition is "VentureNet", designed to match business opportunities with investors.

British Columbia's forest lands support more than eight billion cubic metres of mature timber. More than 97 per cent is coniferous (softwood) and British Columbia has approximately one-half of Canada's softwood inventory. The major coastal species is hemlock and the major interior species are spruce and lodgepole pine.

The provincial government owns more than 90 per cent of the province's forest land. For management purposes, the forest resource is divided into sustained yield units known as timber supply areas and tree farm licences. Timber harvesting in these units is delegated to private operators under a variety of licensing agreements. Forest management responsibilities in timber supply areas are shared between the Ministry of Forests and private operators, while in tree farm licences, forest management is the sole responsibility of private operators.

The programs of the Ministry of Forests are designed to manage and protect the Crown's forest and range resources. Provincial forest policy is structured to create a positive environment for investment in the forest industry and to ensure a fair economic return to the province from British Columbia's major public resource.

As a result of this policy:

- provincial stumpage charges have been increased;
- responsibility for logging roads and reforestation has been transferred to the forest industry;
- the security of the industry's tenure has been improved; and,
- greater wood volumes have been made available for purchase under competitive conditions.

Small Business Forest Enterprise Program

The Ministry of Forest's Small Business Forest Enterprise Program (SBFEP) is intended to secure a fair return to the province for its timber and to create a more competitive and diversified industry by encouraging an expanded role for small businesses in the province's forest sector.

All revenues collected from timber sales under the SBFEP go into the Small Business Forest Enterprise Special Account. The Ministry of Forests, which manages the SBFEP, draws money from the account to construct access roads and bridges to facilitate future sales and to undertake silviculture and other forest management requirements in small business sales areas.

Revenues in excess of funds required for current expenditures and future silviculture obligations are returned on an annual basis to the general revenue of the government. In 1988/89, expenditures in SBFEP were $47 million and revenues were $135 million.

Harvesting

The Harvesting Program allocates timber to the forest industry in a manner consistent with ministry planning objectives. Harvesting programs include harvest level planning, road access, management of timber tenures and cutting permits, scaling and valuation services and harvesting research.

Costs for major access roads in major licence areas, formerly paid by government through credits to stumpage charges, are now covered by the industry.

Silviculture

The Silviculture Program restocks denuded Crown forest land with commercially valuable trees and improves the value and productivity of the provincial forest resource. The program guides and monitors all provincial silviculture activities. During 1988/89, $204 million was spent on silviculture as outlined in Table 6.3.

Since the fall of 1987, financial responsibility for substantial parts of the program has been shifted to the private sector. Overall silviculture expenditure is expected to expand, with industry providing an increasing share. Once the ministry has completed its obligations arising from past harvests, its silviculture expenditures will be significantly reduced.

Table 6.3 Silviculture Funding in British Columbia

	Ministry Operations Vote[1]	Section 88[2]	Small Business Enterprise Account	Forest Resource Development Agreement[3]	Forest Stand Management Fund	Total	Percentage Change
	$ millions						
1983/84	45.9	42.1	—	—	—	88.0	—
1984/85	62.3	48.4	—	—	—	110.7	25.8
1985/86	57.6	50.1	3.3	25.4	—	136.4	23.2
1986/87	56.2	65.7	7.0	38.8	15.4[4]	183.1	34.2
1987/88	52.6	82.9	9.1	66.1	18.8	229.5	25.3
1988/89	134.1	—	2.8	65.5	2.0	204.4	(10.9)

[1] Includes total expenditure under the Canada-British Columbia Intensive Forest Management Agreement (50/50 cost-shared) in 1983/84 and 1984/85.
[2] Stumpage offsets under section 88 of the *Forest Act* are credits against stumpage levies payable to the government by forest companies. Companies can earn credits by undertaking specific silviculture or engineering activities. Effective April 1, 1988, no further claims are permitted under this section.
[3] Includes federal funding under the agreement.
[4] Includes funding of $3.0 million from the Ministry of Advanced Education and Job Training for the Forest JobTrac Program.

Forest Protection and Fire Suppression

The Forest Protection Program reduces damage to the forest and range resources by wildfire, insects and diseases. Other concerns are the protection of life and property, the preservation of other natural resource values and the use of prescribed fires for hazard abatement, silviculture treatments and wildlife management. Expenditure in 1988/89 was approximately $19 million.

The Fire Suppression Program provides fire fighting services for the control of wildfires. The program is linked closely to and supported by the Forest Protection Program, but is managed and funded separately. There were 1,951 fires which burned 11,482 hectares of land in 1988/89. Both the number of fires and area burned were down 67 per cent from the previous year. Fire suppression expenditure in 1988/89 was $53 million compared to $70 million in 1987/88.

Forest Resource Development Agreement

During 1988/89, the fourth year of the federal-provincial Forest Resource Development Subsidiary Agreement, $66 million was spent on reforestation and intensive pest management. This amount included the costs of growing seedlings, site rehabilitation and planting, post-planting and other silviculture activities. The five-year agreement will provide $300 million, shared equally between the federal and provincial governments.

Mineral Resource Management Programs

The Ministry of Energy, Mines and Petroleum Resources regulates the energy and mineral industries and ensures the orderly development of these resources. The ministry's responsibilities include mine worker safety, mine reclamation practices, administration of laws relating to mineral, oil and gas tenures, and economic, geological, statistical and financial studies.

Mineral Development Agreement (MDA)

The Canada-British Columbia Mineral Development Sub-Agreement is a five-year program to provide funding to the mineral sector for studies of geology, infrastructure, markets and technology development. In its first four years, the program has improved the understanding of the province's geology and mineral potential and has directly led to increased mineral exploration expenditures by the

private sector. Technology improvements developed with MDA funding have increased the productivity and safety of British Columbia mines and are reducing the environmental impact of mining. The program is an important catalyst to ensure sustainability of the province's mining industry for future generations.

Energy Policy

During 1988/89, energy policy initiatives continued to focus on deregulation and an expanded role for the private sector. As part of this process, British Columbia Hydro's Lower Mainland Gas Division was sold to B.C. Gas Inc.

British Columbia Power Export Corporation, a subsidiary of British Columbia Hydro, was created to provide access to electricity export markets. Other initiatives include encouragement of power production by private industry and activities to protect the environment.

British Columbia Hydro launched a $225 million 10-year conservation program to encourage more efficient use of electricity by its customers. The cost of power saved is expected to be less than the cost of future energy expansion projects.

In September 1988, the provincial and federal governments agreed to share the cost of construction and development of the Vancouver Island natural gas pipeline. Construction of the pipeline, which will serve the Sunshine Coast from Port Coquitlam to Powell River and Vancouver Island from Campbell River to Victoria, is expected to begin in the fall of 1989 and be completed in the fall of 1990.

The pipeline will reduce space heating costs for domestic and industrial consumers and increase gas sales from northeastern British Columbia by 10 to 15 per cent. Other benefits include less air pollution in the affected areas and a reduction of tanker traffic in the Strait of Georgia. The pipeline is expected to provide 200 permanent jobs and 6,400 person-years of construction employment in the province.

Agriculture, Fish and Food Programs

The Ministry of Agriculture and Fisheries administers programs designed to assist both producers and processors of agricultural and fish products. The programs emphasize productivity improvement and assist firms to increase the value of their product lines.

Income and Price Stabilization

The Farm Income Insurance Program is a voluntary program that provides insurance to reduce farm losses caused by detrimental market forces. It is jointly funded by producers and government. In 1988/89, the province contributed $12 million to the program. Claims paid for the same period totalled $25 million, with most of the payments made to tree fruit growers, beef producers and hog farmers.

The Crop Insurance Program stabilizes farm income by minimizing the detrimental effects of crop losses due to uncontrollable natural hazards. In the

1988 crop year, 2,388 farmers obtained coverage totalling $90 million and paid premiums totalling $10 million. Total indemnities paid out amounted to $8.4 million.

National Tripartite Price Stabilization programs are established by federal-provincial agreements and are designed to reduce income losses to producers due to market price risks. In 1988/89, $800,000 was paid in premiums by British Columbia apple producers with matching contributions by the province and the federal government. The province also entered into agreements to establish similar programs for beef, hogs and lamb.

Agricultural Finance

Programs under the *Agricultural Credit Act* include provincial farm loan guarantees and direct loans to a maximum of $50,000 to finance farmland development. Since 1974, the government has issued 462 guarantees totalling $48 million.

The Feed Grain Market Development Program was introduced in August 1987 to provide a $15 per tonne incentive to grain producers to sell eligible feed grains in the British Columbia market and a $11 per tonne incentive to livestock producers to purchase British Columbia feed grains. In 1988/89, over $3.4 million was disbursed under this program.

The Special Slaughter Cattle Program introduced in July 1988, pays $80 per head for eligible cattle fed and slaughtered in British Columbia. The program, which expired March 31, 1989, paid participants a total of $3 million in benefits.

The Food Industry Development Program assists small and medium-sized food processing firms with product development, processing technology and productivity improvement. In 1988/89, $601,000 was approved for 43 projects.

Agriculture and Food Development

Under the $40-million, five-year Agriculture and Food Development Sub-Agreement with the federal government, $9 million has been allocated to productivity enhancement, $17 million to resource development and $14 million to commodity development. Expenditure commitments under the agreement totalled $30 million to March 31, 1989.

A federal-provincial agreement was signed in March 1989 to establish a Grape and Wine Sector Adjustment Program. This initiative targets $28 million to help the province's wine industry adjust to the Canada-United States Free Trade Agreement and multilateral trade rulings. The agreement calls for $20 million to compensate growers for vine removal and $7 million to assist wineries in future purchases of grapes from growers. A further $1 million is provided for the promotion of British Columbia wines.

Aquaculture Programs

During 1988/89, financial assistance to the aquaculture industry was available through various programs including the *Agricultural Credit Act*, the Aquaculture Incentive Program and the Small Business Venture Capital Program. While there were no loan guarantees issued under the *Agriculture Credit Act*, a total of $4 million was provided for 59 projects under the Aquaculture Incentive Program.

The Small Business Venture Program raised $11 million for investment in the industry over the 1988/89 and 1989/90 fiscal years. A significant portion was invested in 1988/89 with much of the balance to be spent on fish feeds in 1989/90.

Aquaculture and Commercial Fisheries Management Programs

The provincial government's fisheries management programs conserve and manage wild oyster stocks and marine plants and associated habitats and facilitate development of fish farming. These programs involve maintaining population and habitat inventories; managing, licensing and regulating fresh water commercial fisheries and aquaculture enterprises; conducting biophysical inventories; licensing and regulating fish buyers and processors; and representing the province in international fisheries negotiations. Specific aquaculture programs include broodstock development, knowledge development and technology transfer.

Tourism Programs

The government is developing tourism in the province by promoting British Columbia as a travel destination and by assisting the tourism industry to become more competitive and market itself more effectively. A special effort has been made in recent years to promote British Columbia as a year-round destination with attractions throughout the province.

Promotion of British Columbia as a desirable tourist destination involves media advertising, brochures and other publications, familiarization tours and trade shows. The Ministry of Tourism and Provincial Secretary's Partners in Tourism program offers financial contributions to local, regional or provincial marketing initiatives.

The ministry is also responsible for such programs as the travel information network, training employees of the hospitality industries in the basics of customer service and production of an accommodation guide.

The Ministry of Tourism and Provincial Secretary and the Ministry of Regional Development are jointly responsible for the federal/provincial Tourist Industry Development Subsidiary Agreement, which will provide $30 million in assistance during its term. Funding under the agreement helps develop attractions, marketing proposals and research. Since 1985, commitments under this program have totalled more than $21 million.

International Trade and Investment Activities

The Ministry of International Business and Immigration was established in July 1988 to clearly focus government policy on matters relating to trade, international marketing and the encouragement of investment in the province.

Trade Policy

During 1988/89, the ministry was actively involved in coordinating the implementation of the Canada-United States Free Trade Agreement (FTA). In addition, the ministry helped prepare British Columbia businesses to take advantage of the FTA. A series of workshops was held throughout the province utilizing two ministry publications, *The Free Trade Agreement — Impact on British Columbia* and *Guide to Strategic Planning Under Free Trade.*

The ministry was also responsible for the preparation and communication of British Columbia's position with respect to the current Uruguay Round of Multilateral Trade Negotiations, being held under the auspices of the General Agreement on Tariffs and Trade (GATT).

Export Assistance Program

The 1988/89 Export Assistance Program encouraged British Columbia manufacturers and processors to develop new export markets, participate in out-of-province trade fairs and bring incoming buyers to the province. Financial assistance was available for new marketing activities to create a sustained expansion in British Columbia exports. Expenditure for this program exceeded $650,000 in 1988/89. Table 6.4 provides information on 1988/89 activities. Trade initiatives are now the responsibility of the British Columbia Trade Development Corporation (see Topic Box in Chapter 7).

Table 6.4 Activities of the Export Assistance Program, 1988/89

Activity	Number of Companies Assisted	Direct Sales	Twelve-month Anticipated Sales
		($ millions)	
Market Development Program	223	6.59	547.5
Trade Show Program	200	3.00	42.8
Incoming Buyers Program	30	0.02	3.8
	453	9.61	594.1

Source: Ministry of International Business and Immigration.

Financial and Commercial Regulation and Consumer Services

The Ministry of Finance and Corporate Relations is responsible for regulating financial and commercial activities under provincial jurisdiction. The British Columbia Securities Commission regulates securities transactions in the province. The Ministry of Labour and Consumer Services regulates liquor sales and consumption in British Columbia and coordinates provincial government services to consumers.

Corporate Relations

The Corporate Relations Division of the Ministry of Finance and Corporate Relations is responsible for all aspects of corporate and financial institutions policy and the implementation of policy decisions.

The division's Corporate, Central and Mobile Home Registry administers all matters regarding corporations, societies and partnerships, the registration of all encumbrances against personal property and the maintenance of records of all

mobile homes in the province. The registry will be significantly reorganized upon proclamation of the new *Personal Property Security Act* in the spring of 1990. A single registry, the Personal Property Registry, will replace the three existing encumbrance registries. Corporate filings and mobile home records offices will be maintained.

The Office of the Superintendent of Financial Institutions administers the legislation governing credit unions, trust companies, cooperatives, insurance companies, real estate agents, insurance agents and mortgage brokers. The office is currently undergoing a major restructuring which will be fully implemented upon proclamation of the new *Financial Institutions Act* in the spring of 1990. The office will be incorporated, along with the Credit Union Deposit Insurance Corporation of British Columbia, into a new Financial Institutions Commission. The commission will report to the Minister of Finance and Corporate Relations and be responsible for the regulation of financial institutions as well as the administration of credit union deposit insurance.

British Columbia Securities Commission

The British Columbia Securities Commission is responsible for the regulation of the province's securities industry, including registration of persons trading in or advising on securities; administration of prospectus filing and continuous disclosure requirements; and, investigation and enforcement of securities legislation and policy.

The commission, consisting of the chairman and commissioners, administers the *Securities Act* and the *Commodity Contract Act*; acts as a quasi-judicial tribunal in hearing matters arising under the legislation; establishes policies governing the interpretation and administration of the legislation; and advises the Minister of Finance and Corporate Relations on securities legislation and related matters.

The Superintendent of Brokers heads the commission's staff and is responsible for the day-to-day administration of the legislation and policies; advises the commission on policy and administrative matters and brings matters before the commission in formal hearings.

During 1988/89, the commission accepted 670 prospectuses and 24 statements of material fact. Also during 1988/89, 43 individuals had their trading rights suspended and 28 others were prohibited from acting as directors and officers of public companies for violations of the *Securities Act*. Over the same period, the department opened over 1,000 new investigation and complaint files while 917 files were closed.

Liquor Control and Licensing

The Liquor Control and Licensing Branch of the Ministry of Labour and Consumer Services issues and transfers licences for the sale of liquor; licenses breweries, distilleries, wineries and their agents; monitors and controls liquor advertising; inspects licensed premises to ensure they comply with the law; and takes appropriate disciplinary actions against contraventions of the *Liquor Control and Licensing Act*, other regulations and branch policy.

During 1988/89, one of the major objectives of the administration of liquor control and licensing matters was the implementation of the recommendations of the Liquor Policy Review. New referendum guidelines for neighbourhood pubs have also been developed, along with strict new review and control measures to ensure that referendums are administered consistently and fairly. A Server Licensee Training Program is also being developed.

During the year, liquor policies were codified and circulated to make them more consistent and understandable. Further codification is underway. Amendments were introduced giving municipalities a greater role in the licensing process.

For information and statistics pertaining to the Liquor Distribution Branch, see Chapter 7.

Consumer Services

The Consumer Services Branch of the Ministry of Labour and Consumer Services promotes fairness and understanding in the marketplace through the development, administration and enforcement of consumer legislation.

The Investigation Services Branch investigates alleged violations of consumer protection laws and prosecutes where necessary. In 1988, 25,000 complaints were received, 231 warnings issued, and 15 criminal charges laid.

The Residential Tenancy Branch assists landlords and tenants in settling disputes, informs landlords and tenants of their rights and responsibilities and investigates alleged contraventions of the *Residential Tenancy Act*. New legislation helps tenants recover their security deposits and provides better protection to long-term residents of both hotels and rooming houses.

The Debtor Assistance Branch offers counselling services to consumers with debt problems and assists borrowers and lenders with debt repayment problems. In 1988, the branch counselled 4,770 debtors, arranged almost 900 repayment plans for debtors facing financial hardship, and helped return almost $4 million to creditors. Also, the Registrar of Reporting Agencies administers the *Credit Report Act* which regulates the activities of British Columbia's credit industry.

The Ministry of Labour and Consumer Services also licenses and regulates travel agents, motor dealers, cemetery operators and funeral directors offering prepaid services.

CHAPTER 7

Crown Corporations and Agencies

7. Crown Corporations and Agencies

Introduction

Crown corporations and agencies are entities established or acquired by the government for various purposes. Commercial Crown corporations generate revenue from the sale of services at commercial rates and pay their own operating expenses, including debt service charges. Economic development Crown corporations generally operate as commercial corporations. However, because these corporations undertake projects which provide economic benefits to the province, but may not generate a break-even financial return, they may receive some financial assistance from the government. The remaining Crown corporations and agencies receive government financial assistance to administer social and government services and to assist in the financing of other public bodies.

The operations of Crown corporations are recorded in their own financial statements which are subject to audit by the Auditor General or by private sector auditors. The government's main financial statements reflect only transactions between the government and the Crown corporations. Appendix Table A7.1 lists major British Columbia Crown corporations and agencies and their functions. Appendix Table A2.13 summarizes the net debt of provincial Crown corporations.

British Columbia Hydro and Power Authority

British Columbia Hydro and Power Authority generates, transmits and distributes electricity to over 1.2 million customers in a service area which contains more than 90 per cent of British Columbia's population. Approximately 88 per cent of the Authority's customers are residential customers with the remainder being primarily commercial and industrial customers. The Authority's rated or "name-plate" generating capacity at March 31, 1989 was 10,467 megawatts. The highest one-hour peak demand on the integrated system during the year was 7,485 megawatts on February 2, 1989 a new record.

Operations

Electricity sales during 1988/89 were 42,717 gigawatt-hours, a decrease of 6.3 per cent from 1987/88. Domestic electricity sales increased by 4.8 per cent to 37,833 gigawatt-hours while export sales decreased by 48.5 per cent to 4,884 gigawatt-hours (see Table 7.1).

Domestic electricity revenues reached a record high of $1,660 million in 1988/89, an increase of 8.2 per cent over the previous year. These revenues contributed to the first profitable year of domestic operations since 1981 with a profit of $10 million compared to a loss of $36 million in the previous year. The $46 million improvement was achieved by a combination of strong domestic load growth, gains from the sale of properties and continuing productivity increases. There were no rate increases to domestic customers.

Table 7.1 British Columbia Hydro and Power Authority Financial and General Operating Data

Fiscal year ended March 31.		1989[1]	1988	Change 1988–1989
Electric				(per cent)
Generating name-plate capacity	(rated megawatts)	10,467	10,473	−0.1
Customers	(thousands)	1,234	1,208	2.1
Electricity sold (domestic)	(gigawatt-hours)	37,833	36,089	4.8
Electricity sold (export)	(gigawatt-hours)	4,884	9,481	−48.5
Residential service—average revenue per kilowatt-hour	(cents)	5.4	5.5	−1.8
Revenue		($ millions)		(per cent)
—Electric (Domestic)		1,660	1,534	8.2
—Electric (Exports)		109	184	−40.8
		1,769	1,718	3.0
Operating income				
—Electric (Domestic)		10	(36)	—
—Electric (Export)		57	110	−48.2
Total operating income		67	74	−9.5
Net rate stabilization account transfer		15	(38)	—
Income from discontinued operations[2]		4	19	−78.9
Net income		86	55	56.4
Net expenditure on electric fixed assets[3]		185	133	39.1
Fixed assets in electric service		10,608	10,428	1.2
Net debt outstanding		6,774	7,682	−11.8
Temporary investments at end of year		71	97	−26.8

[1] During 1988/89, the Authority sold its gas and rail divisions to the private sector. Consequently the financial statements for the 1988/89 fiscal year have been prepared with a focus on the electric business. The figures for the previous year have been reclassified to conform with the current year's presentation.
[2] Income from discontinued operations represents income of the gas and rail divisions, up to the respective dates of sale.
[3] Contributions from third parties in aid of construction are netted against gross expenditure in fixed assets.
Source: British Columbia Hydro and Power Authority.

Financing and Debt Management

The Authority's net debt outstanding at March 31, 1989 was $6,774 million, a reduction of $908 million from the $7,682 million at March 31, 1988. This reduction has been achieved by the use of positive cash flow from operations, proceeds from the sale of the gas and rail divisions, the sale of surplus properties and an appreciation in the Canadian dollar exchange rate. This debt reduction combined with $235 million in preferred fiscal agency financing from the provincial government resulted in the Authority reducing its debt to equity ratio to 80:20.

In addition, the total exposure to foreign exchange risk was significantly reduced from $2,580 million to $1,607 million, during the year. This was achieved by a program of principal repayments and sinking fund payments, debt purchases, debt defeasance and the purchase of forward exchange contracts.

As part of its debt management strategy, the Authority has transferred a portion of its long-term debt to short-term debt. The strategy allows the short-term portion to vary between 15 per cent and 30 per cent depending on market conditions with the short-term portion being 22 per cent of total debt at year-end. This strategy allows British Columbia Hydro to take advantage of the lower borrowing costs available in short-term money markets.

Capital Expenditure

Capital expenditures, net of contributions from third parties, were $185 million in 1988/89 primarily for enhancements to the distribution system. This was the fourth consecutive year in which capital expenditures have been less than $200 million.

Sale of Businesses

During 1988/89, as a result of the provincial government's initiative to sell certain operations of the Authority, the gas and rail divisions were sold. These divisions represented approximately 6 per cent of the Authority's total assets.

The Authority's Mainland Gas Division was sold to Inland Natural Gas Co. Ltd. and the Rail Division was sold to Itel Rail Corp. while a subsidiary of Inter-City Gas Corporation purchased the Victoria Gas Division. Proceeds from these sales totalled $787 million and a further $11 million is receivable for the Victoria Gas Division on completion of the natural gas pipeline to Vancouver Island prior to January 1, 2001.

The net book value of the fixed assets of the divisions sold was $474 million. After deducting amounts for costs, adjustments and a pension payment reserve, an amount equivalent to the net gain of $220 million was paid to the provincial government's Privatization Benefits Fund in accordance with the *Hydro and Power Authority Privatization Act*.

The divestiture of these businesses, which are not part of British Columbia Hydro's primary mandate, will enable the company to focus more distinctly on its mission of supporting the economic growth of the province through the efficient supply of electricity.

British Columbia Railway Company

British Columbia Railway Company, the third largest railway in Canada, operates 2,237 kilometres of main-line track from North Vancouver to northeastern British Columbia (see Map 4.1: Chapter 4). The railway also maintains 639 kilometres of industrial and yard track and sidings. Through connections at North Vancouver, Prince George and Dawson Creek, the railway has access to the North American railway network. Deep-sea bulk-loading facilities are located at North Vancouver and Squamish and a separate 37 kilometre rail line connects transcontinental rail carriers to Roberts Bank, the port facility for coal mines in southeastern British Columbia and Alberta. The railway also operates a microwave communication system which enables dispatchers to be in constant communication with its trains and its trucking fleet.

At the end of 1988, the railway's rolling stock fleet consisted of 123 locomotives, 9,908 freight cars, 9 passenger cars and 469 work cars. Land holdings of more than 19,000 hectares include, in addition to rights of way, industrial parks at Prince George, Williams Lake, Mackenzie, Fort St. John, Dawson Creek, Fort Nelson and Fort St. James.

Corporate Structure

British Columbia Railway Company, which is 100 per cent owned by the Province of British Columbia, together with its wholly-owned subsidiary, BCR Properties Ltd., own 100 per cent of the common shares of BC Rail Ltd. BC Rail Ltd. is the railway operating company while BCR Properties Ltd. owns and manages non-operating real estate assets.

Operations

Details of consolidated operating results are given in Table 7.2. Operating revenue for 1988 was $327 million, a slight increase over the previous year. Operating expenses of $243 million were down slightly from 1987. Net income, after dividend payments to preferred shareholders, was up 7.5 per cent to $58.3 million. On June 20, 1989 British Columbia Railway Company paid a $10.3 million common share dividend to its shareholder, the Province of British Columbia.

Table 7.2 British Columbia Railway Company Consolidated Summary Income Statement and Operating Data

Fiscal year ended December 31.	1988	1987	Change 1987–1988
	($ thousands)		(per cent)
Operating revenue	326,994	325,597	0.4
Operating expense	242,709	244,787	−0.8
Operating income	84,285	80,810	4.3
Interest expense	11,145	11,839	−5.9
Other income	3,676	3,267	12.5
Net income before deferred income taxes	76,816	72,238	6.3
Provision for deferred income taxes	—	(517)	—
Minority interest (preferred share dividends)	18,500	18,500	—
Net income	58,316	54,255	7.5
Number of carloadings	225,971	233,162	−3.1
Tons hauled	17,340,000	17,670,000	−1.9
Employees at year end	2,700	2,760	−2.2
Revenue per main track kilometre ($ thousands)	146	146	—

Source: British Columbia Railway Annual Report 1988

Capital Expenditure

Total capital expenditure in 1988 was $70.4 million, including replacement of rail between Exeter and Williams Lake, ballast improvements and a significant tie replacement program. Capital expenditures also included $5.5 million for rehabilitation of the Fort Nelson extension, which was reimbursed by the provincial government.

The railway's five-year plan calls for total capital expenditures of approximately $400 million between 1989 and 1993. Planned expenditures include the purchase of twenty-two, 4,000 horsepower diesel-electric locomotives.

Government Assistance

In recognition of the railway's role in the development of northern British Columbia and as an operator of uneconomic services deemed to be in the provincial interest, the provincial government provides limited financial assistance to the railway. The provincial government provided operating grants of $8.2 million in 1988.

Insurance Corporation of British Columbia

The Insurance Corporation of British Columbia was established in 1973 under the *Insurance Corporation Act* to administer Autoplan, a compulsory automobile insurance program providing basic liability coverage and accident benefits to all licensed motor vehicle owners in the province. In competition with other insurance companies, the corporation also offers a comprehensive range of optional automobile coverage.

The Insurance Corporation is self-supporting and endeavours to provide automobile insurance coverage at cost, with revenue and expenses in balance. Each year the premium rate structure is determined in advance, based upon anticipated claim costs, expenses and investment income.

In 1988, the total premium and investment income of the *Insurance (Motor Vehicle) Act* fund reached $1,247 million, an increase of 24.6 per cent over 1987 partly as a result of significant premium rate increases (see Table 7.3). At the same time the cost of claims incurred and operating expenses increased by 15.3 per cent from the previous year to $1,221 million. The result was net income of $26.2 million, about 2.5 per cent of earned premiums. After appropriating $16 million to the rate stabilization reserve, to lessen the impact on premiums of significant variations in claim loss experience, the unappropriated surplus in the fund at the end of 1988 was $10.4 million.

In establishing premium rates for 1989, the corporation took an optimistic view that the rate of increase in accidents would abate in 1989. Therefore, it was decided to increase premiums by an average of 8 per cent.

Table 7.3 Insurance Corporation of British Columbia Operating Data

Fiscal year ended December 31,		1988	1987	Change 1987–1988
Revenue:		($ thousands)		(per cent)
Premium income		1,034,215	821,790	25.8
Investment income		213,140	179,205	18.9
		1,247,355	1,000,995	24.6
Claims and expenses:				
Claims incurred		953,798	850,546	12.1
Other expenses		267,404	208,242	28.4
		1,221,202	1,058,788	15.3
Net income (loss)		26,153	(57,793)	—
Vehicle policies		2,036,000	1,981,000	2.8
Average premium		$516	$411	25.5
Number of claims for policy year		649,000	576,000	12.7
Unpaid claims	($ thousands)	1,553,174	1,401,976	10.8
Expense ratio	(per cent)	14	15	−6.7
Average number of employees		2,807	2,604	7.8
Investments at year end	($ thousands)	2,028,760	1,778,216	14.1
Total assets	($ thousands)	2,212,917	1,957,449	13.1

Source: Insurance Corporation of British Columbia Annual Report 1988.

British Columbia Petroleum Corporation

The British Columbia Petroleum Corporation purchases and markets natural gas produced in British Columbia and distributes the revenue received to natural gas producers in accordance with the *Natural Gas Price Act*. Producers not already under contract with the corporation have the option of either selling their gas to the corporation or making their own marketing arrangements directly with industrial customers. The *Natural Gas Price Act* established the Natural Gas Price Adjustment Fund, which is administered by the corporation. After deduction of the cost-of-service paid to Westcoast Energy Inc., all revenue from the sale of natural gas and by-products is paid into the fund, and then distributed to producers after payment of the corporation's cost-of-service. Gas producers, in turn, pay a royalty to the provincial government on the revenues they receive from the sale of gas and by-products.

British Columbia Petroleum Corporation sold 5,111 million cubic metres of gas in 1988/89, a decline of 19.5 per cent from the previous year. Domestic sales increased slightly to 3,854 million cubic metres but export volumes declined from 2,528 to 1,257 million cubic metres. This decrease resulted from the adoption by Northwest Pipeline Corporation of an open access form of transportation in early 1988, which led to intense and widespread price competition and, later, from the declaration of force majeure by that company in October of last year. The resulting uncertainty in the export market was subsequently overcome, in large

part, by the corporation's contracting in early 1989 most of the capacity on the Westcoast system which had previously been used by Northwest Pipeline Corporation.

The average price of natural gas sold to the domestic utilities was $86.15 per thousand cubic metres during 1988/89, up from $82.75 in 1987/88. The average export price was $101.04 per thousand cubic metres compared with $94.81 in the previous year. After deducting cost-of-service, the average price paid to producers amounted to $56.68 per thousand cubic metres compared with $48.46 a year earlier. Since January 1, 1989 the regulated selling price has been set at $50.29 per thousand cubic metres. This reduction in price is due to the increased costs resulting from the corporation contracting additional capacity on the Westcoast system.

As a result of these factors, 1988/89 revenue of the Natural Gas Price Adjustment Fund, including interest income, was $318 million, while total expenditure, including payments to producers, was $329 million (see Table 7.4).

Table 7.4 Natural Gas Price Adjustment Fund: Statement of Revenue, Expenditure and Fund Balance

Fiscal year ended March 31,	1989	1988	Change 1988-1989
	($ thousands)		(per cent)
Revenue			
Natural gas sales	499,624	598,232	-16.5
Less: Westcoast cost of service	211,916	234,223	-9.5
	287,708	364,009	-21.0
Sulphur and by-product sales	26,911	32,801	-18.0
Interest income	3,430	2,122	61.6
	318,049	398,932	-20.3
Expenditures			
Gas purchases	298,799	352,675	-15.3
Price adjustments	16,681	18,591	-10.3
Payments for natural gas liquids	11,095	18,463	-39.9
Administrative and general expenses	2,127	2,076	2.5
	328,702	391,805	-16.1
Excess of expenditure over revenue	10,653	(7,127)	—
Fund balance at beginning of year	47,909	40,782	17.5
Fund balance at end of year	37,256	47,909	-22.2

Source: British Columbia Petroleum Corporation Annual Report 1988/89

Petroleum Corporation Fund

The Petroleum Corporation Fund, established in 1973 under the *Petroleum Corporation Act*, reflects those activities of the corporation which are not connected with the *Natural Gas Price Act*. Such activities primarily relate to the period prior to July 1, 1985 and include payments for any failure by the corporation to take the minimum annual volume of gas under "take or pay" agreements. For the year ended March 31, 1989 the net income of this fund was $5.8 million (see Table 7.5) and the fund balance was $54.1 million.

Table 7.5 Petroleum Corporation Fund: Statement of Revenue, Expenditure and Fund Balance

Fiscal year ended March 31.	1989	1988
	($ thousands)	
Revenue		
Interest	6,447	3,985
Miscellaneous income	85	106
Gain (loss) on prepaid gas	(702)	1,834
Gain on disposal of assets	—	12
	5,830	5,937
Expenditure		
Administrative and general expenses	144	110
Net income	5,686	5,827
Fund balance at beginning of year	93,413	87,586
Deduct: Transfers to Provincial Treasury	45,000	—
Fund balance at end of year	54,099	93,413

Source: British Columbia Petroleum Corporation Annual Report 1988/89.

B.C. Petroleum (Kitimat) Ltd.

During the year, the corporation's subsidiary company, previously registered as British Columbia Gas Corporation, was renamed B.C. Petroleum (Kitimat) Ltd.

Investment in Methanol Plant

The operating results of the methanol plant located in Kitimat continued to improve during the 1988/89 fiscal year. As at April 1, 1988, B.C. Petroleum (Kitimat) Ltd. was owed $53.2 million by Ocelot Chemicals Inc. including $14.4 million in arrears. During October 1988, the arrears were paid in full and on March 31, 1989, B.C. Petroleum (Kitimat) Ltd. was owed $36.0 million by Ocelot Chemicals Inc. with no arrears outstanding.

British Columbia Enterprise Corporation

British Columbia Enterprise Corporation (BCEC) was established in 1987 as a result of the restructuring of British Columbia Development Corporation and British Columbia Place Ltd. The mandate of BCEC is to divest itself of its assets as part of the provincial government's privatization initiative.

During 1988/89, BCEC divested itself of industrial loan assets and discontinued management of low interest loan programs and funds administered in trust for the government. All loans were either sold to third parties for fair market value or transferred to the provincial government at its request.

BCEC has also divested itself of a significant proportion of its land assets. Major land sales during 1988/89 included properties at Vancouver's False Creek area, Tilbury Island and New Westminster.

The Roberts Bank lands were transferred to the provincial government while the British Columbia Film Centre in Burnaby and the Terry Fox Plaza in Vancouver were transferred to B.C. Pavilion Corporation for ongoing administration. BCEC's major remaining land holdings include Songhees Point in Victoria, Whistler properties and the Duke Point project in Nanaimo. Westwood lands, a major property holding in Coquitlam was sold after the fiscal year end.

Public facilities owned at March 31, 1989 include the Whistler Golf Course and the Whistler Conference Centre.

BCEC reported net earnings of $61 million for 1988/89 and paid a dividend to the provincial government's Privatization Benefits Fund of $43 million. A summary income statement for the corporation is provided in Table 7.6.

Table 7.6 British Columbia Enterprise Corporation Summary Income Statement

Fiscal year ended March 31.	1989	1988
	($ thousands)	
Revenue — Industrial development programs		
Land and project sales	174,380	22,042
Transfer of rights to public participation funding	20,000	—
Loan interest and guarantee fees	19,933	19,238
Lease financing	979	527
Interest	9,188	6,750
Other	11,810	9,230
Total	236,290	57,787
Expenses		
Cost of land sales	164,830	18,438
Interest	11,617	21,112
Administration and other	13,672	15,789
	190,119	55,339
Reversal of provision for doubtful accounts	(14,802)	—
	175,317	55,399
Net earnings for the year	60,973	2,448

Source: British Columbia Enterprise Corporation

The British Columbia Pavilion Corporation is responsible for the operation of certain public facilities, including ownership and operation of the British Columbia Place Stadium, and holds the long-term lease to operate the Vancouver Trade and Convention Centre. In addition, at March 31, 1989 the corporation had operating leases for the management of the Whistler Golf Course, the Whistler Conference Centre and the British Columbia Enterprise Centre.

During 1988/89, revenue from operations, after the deduction of direct event costs, increased by $2 million to $14 million. Facility expenditures declined by $1 million to $23 million. As a result, net expenditures prior to recoveries were reduced by $3 million during 1988/89 to $9 million. The provincial government contributed $4.7 million to partially fund the net expenditure of the corporation.

The Liquor Distribution Branch manages the distribution of beverage alcohol products in British Columbia in accordance with the *Liquor Distribution Act.* The branch's corporate objectives are to provide a high level of customer service, meet the provincial government's revenue targets, provide suppliers with controlled but fair access to the marketplace, foster a healthy business environment for the province's liquor industry and encourage responsible and moderate use of alcohol.

During 1988/89, the branch renovated two stores, replaced nine stores, opened two new rural agency stores and closed four stores. At March 31, 1989 there were 216 government liquor stores, 125 rural agency stores in remote communities, located in premises that may also sell non-alcoholic products, and 77 industry agency appointments operating at 47 locations where manufacturers can sell their own products. Five of the operators at these locations also have direct agency appointments with the Liquor Distribution Branch, allowing them to sell American wines as of January 1, 1989. In addition, the branch has financial agreements with 128 licensee retail stores.

During 1988/89, Liquor Distribution Branch revenue increased by 0.9 per cent while operating expenses increased by 2.3 per cent. As a result, net income of the branch decreased 1.9 per cent from the previous year to $415 million. A summary income statement is presented in Table 7.7.

Table 7.7 Liquor Distribution Branch Summary Income Statement

Fiscal year ended March 31.	1989	1988	Change 1988–1989
	($ millions)		(per cent)
Sales	1,234.1	1,223.4	0.9
Cost of merchandise sold	692.3	675.8	2.4
	541.8	547.6	−1.1
Operating expenses	131.1	128.1	2.3
	410.7	419.5	−2.1
Other income	4.5	3.8	18.4
Net income	415.2	423.3	−1.9

Source: Liquor Distribution Branch.

BRITISH COLUMBIA TRADE DEVELOPMENT CORPORATION — A NEW CROWN ENTITY

The British Columbia Trade Development Corporation was established June 1, 1989 as a Crown agency under the Ministry of International Business and Immigration. The mandate of the new corporation is to encourage and increase the export of British Columbia goods and services.

Led by a private sector board of directors, under the chairmanship of the Minister of International Business and Immigration, the corporation will work with business to target specific export opportunities, develop programs to increase export skills and awareness, and provide direct advice and services to companies on an individual basis.

To meet these goals, the corporation will:

- work closely with companies and associations to develop marketing strategies with its efforts focussed on six provincial sectors: agriculture, natural resources, general manufactured products, high technology, services and films;
- help improve both basic and international business skills through its export training program, the British Columbia Business Network, an electronic, worldwide business information network and the British Columbia Business Info Centre, a one-stop shop for business information; and,
- concentrate on improving the competitiveness of exporters and assist them in developing new markets with activities including export counselling, export financing, including administration of a loan guarantee program, and special projects — which will centre on opportunities offered through national development, countertrade and government procurement.

British Columbia Lottery Corporation

The British Columbia Lottery Corporation was established April 1, 1985 to assume responsibility for the operation and management of lottery games within British Columbia, and to cooperate with other provinces in the operation and marketing of nationwide games. The corporation, which has its headquarters in Kamloops, employs over 300 persons throughout the province.

The corporation currently offers nine lottery games, six of which are conducted solely by the corporation in British Columbia while the remainder are joint undertakings by all provinces acting through the Interprovincial Lottery Corporation. The corporation's products are made available to the public through a network of licensed retailers throughout British Columbia.

Operations

Net income for 1988/89 was $195 million, 11.7 per cent higher than in 1987/88. Total sales increased 11.6 per cent, while direct expenses on prizes increased 14.5 per cent and direct expenses on commissions increased by 12.5 per cent. Details of operating results are given in Table 7.8.

Table 7.8 British Columbia Lottery Corporation Summary Income Statement

Fiscal year ended March 31,	1989	1988	Change 1988–1989
	($ millions)		(per cent)
Sales	524.2	469.6	11.6
Direct expenses			
Prizes	247.6	216.3	14.5
Retailer commissions	28.8	25.6	12.5
Sales less direct expenses	247.8	227.7	8.8
Operating expenses	47.3	42.6	11.0
Depreciation	6.0	11.0	−44.5
	53.3	53.6	0.6
Net income	194.5	174.1	11.7
Distribution of net income			
Government of Canada	4.9	7.5	−34.7
Province of British Columbia	189.6	166.6	13.8
	194.5	174.1	11.7

Source: British Columbia Lottery Corporation.

British Columbia Ferry Corporation

British Columbia Ferry Corporation was established in 1977 to operate the province's major coastal ferries. The corporation, which employs approximately 3,000 employees during the peak traffic season, operates one of the largest ferry systems in the world as measured by traffic carried and routes serviced. The fleet of 38 vessels operating on 24 routes has a capacity of 5,000 vehicles and a licensed capacity of 24,100 passengers.

The fleet links Vancouver Island to the Lower Mainland with two separate routes. It links the many small islands of the Strait of Georgia to either Vancouver Island or the Mainland and serves the communities of the Sunshine Coast. It also operates services connecting Prince Rupert, on British Columbia's north coast, to the Queen Charlotte Islands and to northern Vancouver Island. There is also a drop-trailer service between Prince Rupert and Skidegate for unaccompanied commercial vehicles.

The corporation provides financial assistance to operators of transportation services for passengers and light freight for communities on the west coast of Vancouver Island; between Prince Rupert, Port Simpson and Kincolith; between Vancouver Island and Lasqueti Island, and to other mid-coast communities.

Operations

During 1988/89, vehicle and passenger volumes increased 6.1 per cent and 5.3 per cent, respectively. Similarly, operating revenue increased 5.8 per cent to $239 million in 1988/89 while operating expenses totalled $224 million, a 2.9 per cent increase from the previous fiscal year. Operating costs were partially funded by a provincial government subsidy totalling $51 million in 1988/89. The corporation reported net income of $11.9 million for the year, compared to a net income of $1.6 million in the previous year (see Table 7.9).

Capital Expenditure

During 1988/89, the corporation made capital expenditures of $7.6 million including $4.6 million on ship modifications and upgradings and an additional $1.5 million for improvement to its terminals.

In 1989, the corporation will commence a multi-year capital expansion program that involves the construction of two super ferries, two smaller ferries, and further improvements to the corporation's four major terminals.

Table 7.9 British Columbia Ferry Corporation Summary Income Statement and Operating Data

Fiscal year ended March 31,		1989	1988	Change 1988–1989
		($ millions)		(per cent)
Operating revenue		238.6	225.5	5.8
Operating expense		223.5	217.3	2.9
Income from operations		15.1	8.2	84.1
Interest expense		3.2	6.6	−51.5
Net income		11.9	1.6	643.8
Provincial subsidy		51.0	57.0	−10.5
Capital expenditure		7.6	9.3	−18.3
Traffic				
Vehicles	(thousands)	6,885	6,491	6.1
Passengers	(thousands)	17,919	17,014	5.3
Capacity utilization (annual average)				
Vehicles		65%	63%	
Passengers		27%	27%	

Source: British Columbia Ferry Corporation.

British Columbia Transit

British Columbia Transit was established in 1978 to ensure a uniform provincial policy for urban transit. British Columbia Transit manages a provincial fleet of 1,400 vehicles, including 114 SkyTrain cars, two SeaBus ferries, and numerous other physical assets, including transit exchanges and garages, in 37 municipalities.

British Columbia Transit also funds transportation for disabled persons who are unable to use conventional public transit vehicles. A custom transit service, known as handyDART, serves 14 communities.

Transit systems are financed through a funding formula specifying the shares covered from a provincial government contribution, municipal government contributions and direct operating revenues from fareboxes, passes and advertising. In Greater Vancouver and Victoria, the municipal government contribution may be raised through a combination of property taxation, an electrical power levy and a gasoline surcharge. In the rest of the province, municipal government contributions are raised through property taxation only.

SkyTrain

British Columbia Transit has overall responsibility for the construction of a major urban transit project in Greater Vancouver. Phase I of the project, the 22-kilometre SkyTrain rapid transit line between downtown Vancouver and New Westminster, was successfully commissioned on January 2, 1986. Phase II from New Westminster to Scott Road in Surrey is scheduled for completion in 1990 at a cost, before interest charges, of $179 million.

Operations

During 1988/89, British Columbia Transit expenditures increased by 5.3 per cent to $371 million. These expenditures were partially funded through provincial government contributions of $171 million, municipal government contributions of $78 million with the remainder coming from operating revenues and other recoveries (see Table 7.10).

Table 7.10 British Columbia Transit Statement of Operating Expenditures and Recoveries

Fiscal year ended March 31,	1989	1988	Change 1988–1989
	($ thousands)		(per cent)
Expenditures			
Transit operations	191,636	185,687	3.2
Administration	31,068	25,292	22.8
Property leases and taxes	5,588	5,553	0.6
Debt servicing	143,100	136,195	5.1
	371,392	352,727	5.3
Recoveries			
Contributions from the provincial government	131,968	117,531	12.3
Contributions from municipalities	77,976	82,578	−5.6
Transit operations	115,340	105,596	9.2
Provincial grant — debt servicing assistance	38,927	41,690	−6.6
Other	7,181	5,332	34.7
	371,392	352,727	5.3

Source: British Columbia Transit.

British Columbia Steamship Company (1975) Ltd.

British Columbia Steamship Company (1975) Ltd. (B.C. Steamship) is incorporated under federal legislation and its principal business activity, until the sale of its operating assets, was the provision of passenger and car ferry service between Seattle, Washington, and Victoria, British Columbia.

In the fiscal year ending December 31, 1988 B.C. Steamship reported a loss of $1.8 million compared to a loss of $700,000 the previous year.

In November 1988, all operating assets of B.C. Steamship were sold to B.C. Stena Line Ltd. (B.C. Stena) for $6 million. Of this amount, $2 million was paid on closing, while the balance, which is secured by a non-interest bearing debenture and ship's mortgage, is payable in two equal installments of $2 million in 1989 and 1990.

B.C. Steamship is the registered owner of 10 Class C non-voting shares of B.C. Stena. This gives B.C. Steamship the right to nominate two directors to the Board of Directors of B.C. Stena.

B.C. Stena, as an agent of the province, manages the gaming concessions on board its vessels. B.C. Steamship will receive 30 per cent of the net gaming revenue from these concessions.

British Columbia Housing Management Commission

In 1988, British Columbia Housing Management Commission was responsible for managing 7,744 subsidized rental units with the subsidies reducing rents to 30 per cent of the tenants' incomes. Similar rent supplements were available for tenants of 14,122 non-profit and designated private sector housing units, including 1,096 units for physically and mentally disabled persons.

The provincial government contributed $17.6 million to the commission in 1988 and the Canada Mortgage and Housing Corporation contributed $26.2 million.

Provincial Rental Housing Corporation

The Provincial Rental Housing Corporation, acquired by the provincial government in 1973 and incorporated under the *Company Act*, holds all public rental housing on behalf of the provincial government. At December 31, 1988, the corporation, which is self-supporting, had a net investment of $70 million in these rental properties.

British Columbia Buildings Corporation

British Columbia Buildings Corporation was established in 1976 to bring strict accountability to the provision and allocation of government accommodation. The corporation is self-supporting, raising operating funds by charging government ministries rent that is based on equivalent rates in the commercial market.

During 1988/89, revenue of the corporation increased by 4.0 per cent to $260 million while operating expenses before interest charges increased by 2.0 per cent to $186 million. The corporation's net income increased to $28.2 million in 1988/89. The higher net income allowed the corporation to pay a dividend of $22.7 million to the provincial government (see Table 7.11).

Table 7.11 British Columbia Buildings Corporation Summary Income Statement

Fiscal year ended March 31,	1989	1988	Change 1988–1989
	($ millions)		(per cent)
Revenue			
Rentals	235.7	231.7	1.7
Other income	24.4	18.4	32.6
	260.1	250.1	4.0
Expenses			
Property management	68.5	67.6	1.3
Leases	54.0	51.2	5.5
Depreciation and amortization	31.0	29.8	4.0
Energy	13.2	14.1	−6.4
Property taxes and grants	11.2	11.1	0.9
General and administrative	8.4	8.9	−5.6
	186.3	182.7	2.0
Net income before interest	73.8	67.4	9.5
Interest expense	45.6	44.4	2.7
Net income	28.2	23.0	22.6

Source: British Columbia Buildings Corporation.

British Columbia Systems Corporation

British Columbia Systems Corporation was established in 1977 to promote the effective and efficient use of information systems in the British Columbia public sector. As a service organization within government, British Columbia Systems Corporation provides shared computer processing, data and voice communications, and selected professional services on a competitive basis.

During 1988/89, the corporation had net income of $770,000 after the inclusion of an extraordinary expense of $6.4 million arising from the write-down of land and building facilities.

Provincial Capital Commission

The mandate of the Provincial Capital Commission is to protect and enhance the amenity values of the Capital Improvement District which includes the City of Victoria, the municipalities of Esquimalt and Oak Bay, the entire Saanich peninsula and the Western Communities.

Of the 106 projects undertaken since 1956, over 30 have involved the Victoria Inner Harbour where investment has exceeded $4 million. Other projects of note include involvement with major parts of the Scenic Drive, the Gorge Waterway, Cuthbert Holmes Park, Bowker Hill Park, the Colquitz River Park, Beacon Hill Park and the rehabilitation of the Crystal Garden facility.

Major ongoing responsibilities include operation of the Crystal Garden and the stewardship of the former St. Ann's Academy campus.

British Columbia School Districts Capital Financing Authority

As the marketing agency for the capital funding requirements of school districts, this authority raised $62 million in the 1988/89 fiscal year. At March 31, 1989 there was $809 million in net debt outstanding guaranteed by the provincial government.

British Columbia Regional Hospital Districts Financing Authority

As the marketing agency for the capital funding requirements of regional hospital districts, this authority raised $95 million in the 1988/89 fiscal year. At March 31, 1989 there was $763 million in net debt outstanding consisting of $730 million in guaranteed debt and $33 million in fiscal agency debt.

British Columbia Educational Institutions Capital Financing Authority

The authority is the marketing agency for the capital funding requirements of universities, colleges and provincial institutes. Borrowing of $36 million was undertaken in the 1988/89 fiscal year. At March 31, 1989 there was $377 million in net debt outstanding, consisting of $361 million in guaranteed debt and $16 million in fiscal agency debt.

Appendices 8

Appendices

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Table A1.1 Components of British Columbia Population Change

Year	Net Migration			Natural Increase			Total Population Increase	Population[1] – End of Period (December 31)
	Interprovincial	International	Total	Births	Deaths	Total		
								(thousands)
1978	20,698	4,985	25,683	37,231	19,058	18,173	43,856	2,572.1
1979	33,241	10,617	43,858	38,432	19,204	19,228	63,086	2,636.4
1980	40,165	19,170	59,335	40,104	19,371	20,733	80,068	2,717.7
1981	19,885	16,336	36,221	41,474	19,857	21,617	57,838	2,774.1
1982	−2,019	11,949	9,930	42,747	20,707	22,040	31,970	2,802.7
1983	4,029	7,347	11,376	42,919	19,827	23,092	34,468	2,833.8
1984	3,505	5,813	9,318	43,911	20,686	23,225	32,543	2,863.0
1985	−3,199	5,116	1,917	43,127	21,302	21,825	23,742	2,883.4
1986	910	4,998	5,908	41,967	21,213	20,754	26,662	2,908.7
1987	19,540	12,598	32,138	41,814	21,814	20,000	52,138	2,960.9
1988	29,883	16,696	46,579	42,590	21,040	21,550	68,129	3,029.0

[1] Components may not add to end of period population totals— Statistics Canada has revised some total population figures, but not individual components.
Source: Statistics Canada.

Table A1.2 Summary Table of Economic Activity for British Columbia

	Units	1973	1974	1975	1976	1977
Annual aggregate indicators						
Population (June 1)	(thousands)	2,302	2,376	2,433	2,467	2,499
Gross domestic product (at market prices)	($ millions)	14,709	17,437	19,486	22,990	25,647
Personal income	($ millions)	11,432	13,783	16,135	18,488	20,691
Capital investment	($ millions)	3,433	4,096	4,423	5,197	5,593
Business incorporations	(number)	9,412	9,766	10,621	12,642	13,509
Labour statistics						
Labour force	(thousands)	987	1,040	1,087	1,117	1,148
Employment	(thousands)	920	976	995	1,021	1,050
Unemployment rate	(per cent)	6.7	6.2	8.5	8.6	8.5
Prices and earnings						
Consumer price index (Vancouver)	(1981 = 100)	47.3	52.8	58.6	64.3	68.9
Average weekly earnings	($)	158.90	178.68	204.96	231.30	253.23
Wages and salaries	($ millions)	7,378	8,912	10,437	12,020	13,512
Other indicators						
Manufacturing shipments	($ millions)	6,394	7,411	7,326	8,856	10,060
Retail sales	($ millions)	4,646	5,432	5,938	6,675	7,284
Housing starts	(number)	37,627	31,420	34,152	37,727	32,358
Non-residential building permits	($ millions)	494	497	568	690	701
U.S. housing starts	(thousands)	2,045	1,338	1,160	1,538	1,987
Tourism revenue	($ millions)	660	869	970	1,180	1,345
Commodity data						
Lumber production	(thousand m^3)	24,252	20,702	17,626	25,356	28,407
Pulp production	(thousand tonnes)	5,166	5,272	3,951	5,347	4,877
Newsprint, other paper and paperboard	(thousand tonnes)	2,010	1,947	1,490	1,963	1,993
Coal production	(thousand tonnes)	6,925	7,757	8,925	7,538	8,424
Farm cash receipts	($ millions)	349	411	429	483	524
Petroleum and natural gas production	($ millions)	124	233	321	421	550
Landed value of fish products	($ millions)	130	101	80	142	168

[1] Includes some estimates.

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988[1]	Change 1987–1988
											(per cent)
2,542	2,589	2,666	2,744	2,788	2,814	2,848	2,870	2,889	2,925	2,984	2.0
28,732	33,360	38,239	44,691	46,115	48,151	51,119	54,445	56,743	61,656	67,027	8.7
23,266	26,422	31,057	36,960	40,405	41,666	43,690	46,493	48,308	51,927	55,890	7.6
6,201	7,451	9,519	11,885	10,102	9,346	8,787	10,189	9,576	10,781	12,750	18.3
15,215	17,616	21,380	23,368	11,431	13,766	14,050	15,578	17,064	18,691	18,703	0.1
1,202	1,239	1,301	1,361	1,367	1,380	1,396	1,420	1,451	1,482	1,514	2.2
1,103	1,144	1,213	1,270	1,202	1,190	1,191	1,220	1,270	1,306	1,358	4.0
8.3	7.6	6.8	6.7	12.1	13.8	14.7	14.1	12.5	11.9	10.3	N/A
74.3	80.0	87.5	100.0	110.5	116.6	121.3	125.2	129.3	133.3	138.1	3.6
268.62	291.70	324.12	362.93	397.17	423.40	429.69	441.56	444.02	453.42	466.52	2.9
14,618	16,547	19,557	22,748	23,505	23,737	24,360	25,867	26,704	28,960	31,256	7.9
12,235	14,631	15,896	16,782	15,647	16,994	17,996	19,858	22,240	23,491	25,173	7.2
8,227	9,195	10,572	12,000	11,766	12,257	13,005	14,304	15,567	17,116	18,609	8.7
28,618	27,345	37,546	41,585	19,807	22,607	16,169	17,969	20,687	28,944	30,487	5.3
698	928	1,207	1,335	1,026	775	827	812	912	999	1,641	64.3
2,020	1,745	1,292	1,084	1,062	1,703	1,750	1,742	1,805	1,621	1,488	−8.2
1,552	1,630	1,800	2,020	2,009	2,155	2,325	2,406	3,337	3,086	3,490	13.1
29,603	29,525	28,268	24,598	23,855	30,773	30,884	32,994	31,468	37,336	36,736	−1.6
5,382	5,324	5,717	4,813	4,759	5,752	5,371	6,029	6,354	7,060	7,170	1.6
2,163	2,129	2,152	1,870	1,905	2,158	2,085	2,500	2,601	2,757	2,878	4.4
9,464	10,570	10,824	11,753	10,646	11,480	20,740	22,613	20,852	22,587	25,215	11.6
596	673	779	877	962	915	996	1,031	1,075	1,063	1,118	5.2
569	896	828	885	913	899	998	1,050	778	732	672	−8.2
251	333	184	236	241	210	243	378	405	441	457	3.6

Table A1.3 British Columbia Nominal Gross Domestic Product by Industry (at factor cost)

Year	Primary[1]	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total[2]
					($ millions)					
1961	374	734	277	86	403	476	449	565	232	3,594
1962	448	828	289	81	418	496	467	601	244	3,872
1963	451	898	305	99	460	537	515	653	260	4,178
1964	490	970	373	104	509	598	572	720	274	4,611
1965	514	1,062	465	116	577	658	640	830	296	5,156
1966	577	1,146	543	133	641	728	692	984	336	5,779
1967	604	1,186	620	143	684	797	762	1,119	371	6,287
1968	673	1,339	602	160	736	848	893	1,216	421	6,888
1969	731	1,486	673	181	844	1,006	1,043	1,407	471	7,842
1970	728	1,385	688	197	915	1,094	1,131	1,570	521	8,229
1971	751	1,587	875	227	988	1,155	1,229	1,742	548	9,101
1972	909	1,891	906	251	1,113	1,354	1 425	1,992	614	10,455
1973	1,526	2,502	1,136	273	1,295	1,572	1,737	2,339	710	13,090
1974	1,497	2,824	1,381	307	1,617	2,014	2,046	2,979	903	15,567
1975	1,357	2,224	1,622	350	1,749	2,466	2,325	3,564	1,120	17,375
1976	1,852	3,465	1,912	454	1,979	2,652	2,735	4,119	1,311	20,480
1977	2,033	3,929	2,030	611	2,238	2,701	3,214	4,590	1,464	22,809
1978	2,364	4,631	2,052	668	2,497	2,992	3,737	5,142	1,622	25,704
1979	3,461	5,386	2,246	748	2,898	3,457	4,477	5,779	1,805	30,256
1980	3,285	5,620	2,994	903	3,327	4,411	5,185	6,980	2,041	34,746
1981	2,980	5,609	4,018	1,066	3,898	5,386	5,735	8,504	2,331	39,526
1982	2,899	4,823	3,426	1,145	4,181	5,289	6,573	9,607	2,778	40,720
1983	3,412	5,643	3,573	1,156	4,279	5,247	7,280	9,382	2,784	42,756
1984[3]	3,724	6,023	3,112	1,318	4,596	5,755	7,590	10,372	2,932	45,422
1985	3,516	6,313	3,310	1,665	4,905	6,214	8,323	11,221	3,088	48,555
1986	3,421	7,151	3,109	1,689	4,894	6,447	8,777	11,543	3,140	50,171
1987	3,859	8,567	3,434	1,702	5,062	7,109	9,499	12,242	3,234	54,708
1988*	4,069	9,428	3,882	1,798	5,331	7,833	10,620	13,091	3,350	59,402

* Preliminary.
[1] Includes agriculture, primary forestry, mining and fishing and trapping.
[2] Totals may not add due to rounding.
[3] Due to revised Statistics Canada methodology, estimates from 1984 to 1988 are not strictly comparable with prior years.
Note: Gross Domestic Product at factor cost equals Gross Domestic Product at market prices less indirect taxes and subsidies.
Source: Ministry of Finance and Corporate Relations.

Table A1.4 British Columbia Real Gross Domestic Product by Industry (at factor cost)

Year	Primary[1]	Manufacturing	Construction	Utilities	Transportation Communication and Storage	Wholesale and Retail Trade	Finance Insurance and Real Estate	Community Business and Personal Services	Public Administration and Defence	Total[2]
					(1981 $ millions)					
1961	1,601	2,452	997	227	1,014	1,642	1,990	2,668	1,128	13,718
1962	1,927	2,716	1,028	219	1,003	1,730	2,041	2,796	1,161	14,620
1963	1,924	2,897	1,053	269	1,125	1,841	2,156	2,940	1,191	15,395
1964	1,986	3,102	1,254	283	1,239	2,016	2,302	3,117	1,195	16,493
1965	2,033	3,362	1,472	312	1,364	2,180	2,500	3,412	1,221	17,855
1966	2,209	3,529	1,620	366	1,528	2,328	2,643	3,798	1,262	19,282
1967	2,295	3,572	1,779	388	1,620	2,480	2,641	4,026	1,328	20,129
1968	2,542	3,881	1,705	429	1,693	2,504	2,984	4,065	1,426	21,229
1969	2,685	4,155	1,811	473	1,962	2,776	3,477	4,428	1,425	23,190
1970	2,746	3,911	1,762	499	2,101	2,893	3,407	4,540	1,500	23,360
1971	2,828	4,206	2,123	572	2,126	2,928	3,698	4,7[illegible]	1,488	24,710
1972	3,261	4,396	2,096	658	2,311	3,302	4,378	5,001	1,538	26,941
1973	3,685	4,986	2,231	758	2,627	3,453	5,221	5,358	1,679	29,998
1974	3,143	5,134	2,204	754	3,020	3,756	4,480	6,005	1,840	30,336
1975	2,532	4,493	2,313	779	2,876	4,034	4,078	6,183	2,040	29,329
1976	3,621	5,301	2,628	862	2,893	4,041	4,166	6,342	2,127	31,981
1977	3,245	5,476	2,778	960	3,043	3,955	4,559	6,571	2,151	32,737
1978	3,203	5,704	2,747	901	3,176	4,221	4,970	6,965	2,236	34,123
1979	3,752	5,716	2,839	935	3,558	4,310	5,621	7,222	2,222	36,175
1980	3,245	5,805	3,327	1,012	3,773	4,868	5,825	7,796	2,302	37,953
1981	2,980	5,609	4,018	1,066	3,898	5,386	5,735	8,504	2,331	39,526
1982	2,716	4,763	3,501	986	3,920	4,851	5,894	8,592	2,507	37,730
1983	3,200	5,145	3,700	980	3,912	4,906	5,892	8,031	2,394	38,158
1984[3]	3,381	5,447	2,947	1,069	4,241	5,348	6,375	8,280	2,477	39,565
1985	3,574	5,966	3,065	1,304	4,440	5,809	6,801	8,365	2,539	41,863
1986	3,526	6,424	2,850	1,297	4,324	5,828	6,855	8,379	2,504	41,987
1987	4,038	7,488	3,169	1,301	4,380	6,186	7,038	8,837	2,489	44,926
1988*	4,138	7,671	3,367	1,374	4,470	6,597	7,372	9,297	2,490	46,776

* Preliminary.
[1] Includes agriculture, primary forestry, mining and fishing and trapping.
[2] Totals may not add due to rounding.
[3] Due to revised Statistics Canada methodology, estimates from 1984 to 1988 are not strictly comparable with prior years.
Source: Ministry of Finance and Corporate Relations.

Table A1.5 Capital and Repair Investment

	1987[1]	1988[2]	1989[3]	Change 1987–1988	Change 1988–1989
		($ millions)		(per cent)	
Capital					
Housing	3,203.5	3,701.3	4,239.3	15.5	14.5
Transportation, communications and utilities	1,224.9	1,585.0	1,868.6	29.4	17.9
Trade, finance and commercial	2,232.9	2,523.6	2,883.9	13.0	14.3
Primary industries and construction industry	1,146.7	1,384.4	1,555.5	20.7	12.4
Institutions and government departments	1,591.7	1,601.4	2,076.1	0.6	29.6
Manufacturing	1,380.9	1,954.5	2,812.9	41.5	43.9
Total	10,780.6	12,750.2	15,436.3	18.3	21.1
Repair					
Housing	393.6	406.8	432.4	3.4	6.3
Transportation, communications and utilities	1,175.0	1,000.8	1,030.5	−14.8	3.0
Trade, finance and commercial	343.5	364.6	379.8	6.1	4.2
Primary industries and construction industry	834.9	901.3	936.1	8.0	3.9
Institutions and government departments	688.1	722.0	727.7	4.9	0.8
Manufacturing	1,068.6	1,112.6	1,161.1	4.1	4.4
Total	4,503.7	4,508.1	4,667.6	0.1	3.5
Total, Capital and Repair					
Housing	3,597.1	4,108.1	4,671.7	14.2	13.7
Transportation, communications and utilities	2,399.9	2,585.8	2,899.1	7.7	12.1
Trade, finance and commercial	2,576.4	2,888.2	3,263.7	12.1	13.0
Primary industries and construction industry	1,981.6	2,285.7	2,491.6	15.3	9.0
Institutions and government departments	2,279.8	2,323.4	2,803.8	1.9	20.7
Manufacturing	2,449.5	3,067.1	3,974.0	25.2	29.6
Total	15,284.3	17,258.3	20,103.9	12.9	16.5

[1] Actual.
[2] Preliminary actual.
[3] Revised intentions.
Source: Statistics Canada Catalogue 61-205.

Table A1.6 British Columbia Exports by Major Market and Selected Commodities, 1988

Commodity	United States	Japan	European Community	Total — All Countries
		($ millions)		
Lumber (softwood)	2,249.1	858.7	586.3	3,915.1
Pulp	771.4	692.3	1,151.9	3,368.1
Coal: anthracite, bituminous and lignite	4.8	1,086.5	75.5	1,457.6
Newsprint	693.7	12.4	22.3	942.7
Copper content in ores and concentrates	1.4	544.0	65.5	742.6
Paper, paperboard — excluding newsprint	305.2	45.0	97.7	576.3
Unwrought aluminum	69.2	232.5	10.8	533.6
Unwrought zinc	271.8	21.8	33.1	395.9
Machinery — excluding electrical	281.3	10.9	12.2	376.6
Logs, poles and pulpwood	59.5	218.9	0.1	304.6
Whole salmon: fresh, chilled or frozen	57.5	98.5	59.0	230.6
Softwood siding, moulding, other milled	198.8	1.3	2.8	204.9
Chemicals and related products	91.6	59.3	11.3	192.5
Natural gas	183.2	0.0	0.0	183.2
Cedar shakes and shingles	176.1	0.2	3.4	181.6
Trucks	164.8	0.1	0.0	173.5
Fish liver and roe	2.0	169.0	1.2	172.3
Electricity	134.6	0.0	0.0	134.6
Salmon: canned, smoked, etc.	13.4	4.3	77.0	134.2
Plywood, softwood	11.1	9.8	85.5	109.1
Unwrought lead	62.1	4.1	25.9	103.8
Gold concentrate in ores and concentrates	2.7	76.0	12.5	96.0
Pulpwood chips	33.8	52.1	0.0	85.9
Gasoline	72.3	12.2	0.0	84.9
Molybdenum ores and concentrates	4.0	34.9	30.7	81.9
Fuel oils	59.7	16.2	0.0	80.1
Electrical, electronic and communications products	54.3	1.8	2.2	77.6
Silver metal	76.2	0.0	0.0	76.2
Asbestos	6.6	5.7	21.6	73.7
Fruit and nuts	51.8	2.0	5.2	67.7
Silver in ores and concentrates	0.3	54.8	4.8	65.2
Whole fish; fresh, chilled or frozen — excluding salmon	30.6	24.3	4.4	60.4
Plastics and articles thereof	0.4	28.5	3.8	41.4
Zinc content in ores and concentrates	31.8	1.3	0.6	40.0
Ships, boats and floating structures	10.2	13.3	7.5	38.2
Vegetables	37.7	1.4	0.8	49.8
Fillet, fish meat. fresh, chilled or frozen — including salmon	24.7	3.2	1.6	32.6
Apparel and accessories	24.9	1.1	0.6	26.9
Alcoholic beverages	19.5	4.4	0.0	24.1
Cement and clinker	20.8	0.0	0.0	20.9
Converted paper	16.4	0.4	0.1	18.3
Pork; fresh, chilled or frozen	12.9	4.3	0.0	18.3
Preparations of vegetables, fruits and nuts	5.1	0.7	3.6	16.2
Fish; canned, smoked, etc. — excluding roe and salmon	1.3	7.6	1.0	12.4
Preparations of cereals	7.8	1.3	0.0	9.2
Lead in ores and concentrates	0.1	7.4	0.1	7.6
Gold metal	2.0	0.0	0.0	6.8
Meat; prepared or preserved	5.5	0.4	0.2	6.4
Beef and veal; fresh, chilled or frozen	1.3	3.5	0.0	5.5
Water and soft drinks	3.3	0.2	0.0	3.5
Poultry; fresh, chilled or frozen	0.2	0.6	0.0	0.9
Other	1,022.1	277.5	90.5	1,715.8
Total[1]	7,442.8	4,706.1	2,513.5	17,377.3

Note: Exports are estimated through all Canadian customs ports.
[1] Totals may not add due to rounding.
Source: Ministry of Finance and Corporate Relations.

Table A1.7 British Columbia Exports by Major Market and Selected Commodity Groups, 1988

Commodity Group	United States		Japan		European Community		Total – All Countries	
	($ millions)	(per cent)	($ millions)	(per cent)	($ millions)	(per cent)	($ millions)	(per cent)
Pulp, wood chips and paper	1,820.5	24.5	802.2	17.1	1,271.9	50.6	4,991.3	28.7
Lumber and other wood	2,694.6	36.2	1,088.8	23.1	678.2	27.0	4,715.3	27.1
Metallic minerals	490.1	6.6	1,003.9	21.3	187.1	7.4	2,150.7	12.4
Coal	4.8	0.1	1,086.5	23.1	75.5	3.0	1,457.6	8.4
Machinery and equipment	532.2	7.1	14.1	0.3	15.1	0.6	667.6	3.8
Fisheries	129.5	1.7	306.8	6.5	144.2	5.7	642.4	3.7
Agri-food	117.6	1.6	30.7	0.7	16.7	0.7	190.0	1.1
Other	1,653.5	22.2	373.1	7.9	124.8	5.0	2,562.4	14.7
Total[1]	7,442.8	100.0	4,706.1	100.0	2,513.5	100.0	17,377.3	100.0

Note: Exports are estimated through all Canadian customs ports.
[1] Totals may not add due to rounding.
Source: Ministry of Finance and Corporate Relations.

APPENDIX 2

THE PROVINCE OF BRITISH COLUMBIA

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 1989

This section includes the preliminary unaudited financial statements of the government of the Province of British Columbia for the year ended March 31, 1989 prepared by the Comptroller General from the accounts of the government.

The accounts of the government are subject to examination by the Auditor General who is required to report annually to the legislative assembly on the financial statements of the government. The Report of the Auditor General on the complete financial statements for the year ended March 31, 1989 will be included in the annual Public Accounts which will be available after submission to the legislative assembly.

Government Accounting Policies

A full statement of the provincial government's accounting policies is contained in the Public Accounts. The most important features of the policies can be summarized as follows:

- The main reporting entity for 1988/89 is the General Fund.
- All revenue and expenditure are recorded on an accrual basis of accounting, with certain limited exceptions.
- Assets are recorded on the government's balance sheet only to the extent that they represent financial claims by the government. Similarly, liabilities are recorded only if they represent financial claims against the government. Payments to acquire fixed assets are recorded as expenditure.

Government Accounts

The General Fund comprises all money over which the legislature has the power of appropriation. The General Fund includes the principal operating accounts and Special Accounts of the provincial government. Special Accounts are statutory appropriations established by the legislature to fund specific programs, which may extend over several fiscal years. The Budget Stabilization Fund was established effective March 31, 1988 and consists of certain revenues and money set aside using General Fund surpluses and excess revenue. The Privatization Benefits Fund was established effective April 1, 1988 and holds in perpetuity the net proceeds of assets disposed of through the privatization program in order to produce revenue for the benefit of the province. Revenue and expenditure of General Fund, Budget Stabilization Fund, and Privatization Benefits Fund are combined in the General Fund and Special Funds statements.

Transactions of the General Fund are classified as either operating or financing and working capital transactions. Operating transactions include direct expenditure on goods and services, transfer payments and grants, as well as revenue from taxation, royalties, fees and licences, contributions from government enterprises and payments from the federal government. The excess (shortfall) of General Fund revenue over expenditure represents the annual surplus (deficit) of the General Fund. Financing and working capital transactions represent either a source or use of funds. They do not cause a change in the annual surplus (deficit) but only a change in the composition of the provincial government's assets and liabilities.

The net equity (net deficiency) of the provincial government's General Fund and Special Funds is the difference between the provincial government's financial assets and its financial liabilities. The annual surplus (deficit) on transactions of the General Fund and Special Funds are credited to (charged against) net equity (net deficiency).

Restatement of Prior Years' Amounts

Comparative figures for expenditure and revenue for prior years have been restated to conform with the accounting policy changes made in 1988/89. These reclassifications have had no effect on the operating results or fund balances as previously reported.

Beginning in fiscal 1988/89, Non-residential School Property Tax and Medical Service Plan premiums have been recorded as revenue of the province. Previously, they were recorded as recoveries to expenditure.

Table A2.1 General Fund and Special Funds Balance Sheet at March 31, 1989 (Unaudited)

	1989	1988
ASSETS	($ thousands)	
Cash and temporary investments	978,276	116,351
Accounts receivable	934,706	811,647
Inventories	126,450	118,786
Investments in and amounts due from Crown corporations and agencies	604,181	1,004,058
Loans, advances and other investments	294,028	163,027
Mortgages receivable	417,680	322,719
Fiscal Agency loans	3,811,274	2,623,218
Other assets	30,427	166,687
	7,197,022	**5,326,493**
LIABILITIES		
Accounts payable and accrued liabilities	1,083,674	992,795
Due to Crown corporations and agencies	161,538	198,729
Deferred revenue	252,776	255,513
Public debt issued for government purposes	4,919,246	5,016,747
Public debt issued to finance Fiscal Agency loans	3,813,058	2,623,218
	10,230,292	**9,087,002**
NET EQUITY (DEFICIENCY)		
General Fund	(4,832,940)	(4,503,414)
Budget Stabilization Fund	1,491,152	742,905
Privatization Benefits Fund	308,518	—
	(3,033,270)	**(3,760,509)**
TOTAL LIABILITIES AND NET EQUITY	**7,197,022**	**5,326,493**
GUARANTEED DEBT	**7,677,914**	**9,326,055**
TRUST FUNDS	**18,226,883**	**15,943,117**

Table A2.2 General Fund and Special Funds Summary of Operating Transactions for the Fiscal Year Ended March 31, 1989 (Unaudited)

	Estimates 1989	Actual 1989	Actual 1988
		($ thousands)	
General Fund:			
Total Revenue	11,564,000	12,185,816	10,957,861
Transfer (to) from Budget Stabilization Fund	—	(591,917)	(717,377)
General Fund Revenue	11,564,000	11,593,899	10,240,484
Operating Expenditure	11,835,000	11,767,094[1]	11,005,889
Interest payments to Budget Stabilization Fund	45,000	77,330	—
Lottery funds transferred to Budget Stabilization Fund	79,000	79,000	25,528
General Fund Expenditure	11,959,000	11,923,424	11,031,417
General Fund surplus (deficit)	(395,000)	(329,525)	(790,933)
Budget Stabilization Fund:			
Opening balance	450,000	742,905	—
Transfer from General Fund Revenue	—	591,917	717,377
Interest earnings	45,000	77,330	—
Lottery funds transferred from General Fund	79,000	79,000	25,528
Closing Balance	574,000	1,491,152	742,905
Privatization Benefits Fund:			
Opening balance	—	—	—
Privatization proceeds	—	308,518	—
Investment income	—	12,928	—
Investment income transferred to General Fund	—	(12,928)	—
Closing balance	—	308,518	—

[1] Includes a one-time accounting adjustment for recognition of grants paid in March for April social assistance payments of $31,414,265.

Table A2.3 General Fund and Special Funds Financial Summary (Unaudited)

	Estimates 1989	Actual 1989	Actual 1988
		($ thousands)	
Financial Requirements:			
General Fund surplus (deficit)	(395,000)	(329,525)	(790,933)
Budget Stabilization Fund increase	124,000	748,247	742,905
Privatization Benefits Fund increase	—	308,518	—
Net receipts (disbursements) from financing and working capital transactions	43,000	232,186	(160,345)
Total Financial Requirements	**(228,000)**	**959,426**	**(208,373)**
Financial Sources:			
Net (retirements) borrowings for government purposes	190,600	(97,501)	214,846
Decrease (increase) in cash and temporary investments	37,400	(861,925)	(6,473)
Total Financial Sources	**228,000**	**(959,426)**	**208,373**

Table A2.4 General Fund Revenue and Expenditure for the Fiscal Year Ended March 31, 1989 (Unaudited)

	Estimates 1989	Actual 1989	Actual 1988
REVENUE		($ thousands)	
Taxation	6,590,000	6,971,648	6,193,635
Natural resources	1,210,000	1,261,327	1,222,958
Other	1,208,000	1,403,943	1,051,542
Contributions from government enterprises	448,000	439,017	469,795
Contributions from the federal government	2,108,000	2,109,881	2,019,931
Total Revenue	11,564,000	12,185,816	10,957,861
Transfer (to) from Budget Stabilization Fund	—	(591,917)	(717,377)
Total General Fund Revenue	**11,564,000**	**11,593,899**	**10,240,484**
EXPENDITURE[1]			
Legislation	16,623	15,922	15,722
Auditor General	5,183	5,048	4,490
Ombudsman	2,712	2,650	2,459
Office of the Premier and Executive Council Operations	3,128	2,970	3,198
Advanced Education and Job Training	863,521	913,515	806,970
Agriculture and Fisheries	91,055	90,092	65,170
Attorney General	199,172	204,848	190,818
Education	1,971,721	1,979,231	1,826,590
Energy, Mines and Petroleum Resources	30,487	28,986	28,145
Finance and Corporate Relations	64,618	85,074	67,315
Forests	565,242	481,479	407,394
Government Management Services	58,442	58,627	101,127
Health	3,914,996	3,930,028	3,627,187
International Business and Immigration	29,179	28,002	22,376
Labour and Consumer Services	72,820	62,356	48,138
Municipal Affairs, Recreation and Culture	471,787	457,371	449,368
Regional Development and Ministry of State for Mainland/Southwest	61,022	57,851	50,900
Ministry of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	31,047	31,215	31,400
Ministry of State for Cariboo, Responsible for Environment	90,253	87,459	76,143
Ministry of State for Nechako and Northeast, Responsible for Native Affairs	4,048	3,025	4,000
Ministry of State for Vancouver Island/Coast and North Coast, Responsible for Parks	33,973	32,741	35,200
Social Services and Housing	1,393,021	1,432,059	1,378,287
Solicitor General	299,843	302,378	279,358
Tourism and Provincial Secretary	32,849	36,492	26,262
Transportation and Highways	682,511	652,757	765,971
Other Appropriations:			
Management of the Public Debt	650,000	611,930	525,277
Contingencies	50,000	22,019	50,108
New Programs	90,000	60,795	—
Crown Land	20,000	28,165	21,933
Lottery Fund Special Account	159,470	164,357	120,112
Other[2]	277	53,982	—
Total General Fund Expenditure	**11,959,000**	**11,923,424**	**11,031,418**

[1] Government structure is presented as at March 31, 1989.

[2] Includes an accounting adjustment for recognition of April 1989 social assistance grants paid in March 1989 (actual $31,414,265), expenditures of the Office of the Minister of Economic Development (budget $277,394, actual $166,815), and valuation adjustments (actual $22,401,560).

Table A2.5 General Fund Revenue by Source for the Fiscal Year Ended March 31, 1989 (Unaudited)

Source	Estimated	Actual
Taxation Revenue	($ thousands)	
Personal income	2,784,000	2,995,339
Corporation income	557,000	600,270
Social service	1,657,000	1,716,709
Fuel	508,000	468,867
Tobacco	240,000	259,191
Property — business (school purpose)	500,000	490,968
Property — rural area	40,000	44,666
Property purchase	162,000	248,559
Corporation capital	25,000	13,614
Insurance premium	69,000	82,323
Hotel room	42,000	45,392
Horse racing	6,000	5,748
Succession and gift	—	2
Total Taxation Revenue	6,590,000	6,971,648
Natural Resource Revenue		
Petroleum and Natural Gas		
Natural gas royalties	66,000	55,736
Permits and fees	90,000	146,099
Petroleum royalties	49,000	38,400
	205,000	240,235
Minerals		
Mining tax	500	3,719
Mineral resource tax	14,500	26,431
Mineral land tax	14,000	12,656
Coal, minerals and metals royalties	16,000	24,724
Miscellaneous mining receipts	9,000	7,120
	54,000	74,650
Forests		
Logging tax	37,000	50,032
Timber sales	465,000	413,469
Small Business Forest Enterprise Program	123,000	134,456
Timber royalties	53,000	62,110
Lumber export tax	—	5,782
Forest scaling fees	4,000	2,824
Miscellaneous forests receipts	7,000	9,683
	689,000	678,356
Other		
Water rentals and recording fees	250,000	255,519
Wildlife Act — fees and licences	12,000	12,567
	262,000	268,086
Total Natural Resource Revenue	1,210,000	1,261,327

Table A2.5 General Fund Revenue by Source for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Source	Estimated	Actual
Other Revenue	($ thousands)	
Sales and Services		
Medical Service Plan premiums	555,000	580,809
Lottery Fund Special Account	159,470	188,745
Farm Income Assurance Fund Special Account	20,000	13,301
Land registry fees	20,000	24,637
Real estate earnings of the Crown Land Special Account	28,500	50,831
Coquihalla highway tolls	14,400	18,400
Motor vehicle lien and search fees	7,800	7,138
Ambulance service	9,900	8,918
Sheriff's fees	1,000	1,273
Property tax collection fees	3,000	3,205
Vital statistics fees	5,400	4,989
Hearing aid equipment	3,500	3,208
Sales of maps and airphotos	600	623
Insurance and risk management	—	950
Miscellaneous sales and services	10,430	2,684
	839,000	909,711
Licences and permits		
Motor vehicle licences and permits	165,000	192,664
Liquor Licencing Branch — permits and fees	6,300	4,920
Companies Branch	14,400	16,288
Safety inspection fees	8,000	8,724
Filing fees — Court Services	14,700	13,824
Public gaming licences and fees	5,300	7,176
Camp-site permits and park use	5,100	4,627
Fire Service Act — fees, etc.	5,000	4,779
Insurance, brokers and real estate	1,200	1,357
Agricultural licences	900	827
Trade and dealer licences	500	389
Mobile home registry	2,100	968
Miscellaneous licences and permits	9,500	6,684
	238,000	263,227
Income from investments	53,000	133,758
Miscellaneous		
Fines and penalties	25,000	29,150
Maintenance of children	17,200	15,906
Other maintenance receipts	500	514
Insurance claim receipts	11,200	13,812
Municipal and other governments	4,100	4,651
Other miscellaneous	20,000	33,214
	78,000	97,247
Total Other Revenue	1,208,000	1,403,943

Table A2.5 General Fund Revenue by Source for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Source	Estimated	Actual
Contributions from Government Enterprises	($ thousands)	
Liquor Distribution Branch — net income	425,000	416,255
British Columbia Railway Company — dividend	10,000	—
Pacific Coach Lines Ltd.	—	50
British Columbia Buildings Corporation — dividend	13,000	22,712
Total Contributions from Government Enterprises	448,000	439,017
Contributions from the Federal Government		
Established Programs Financing	1,297,000	1,230,182
Canada Assistance Plan	623,000	667,799
National Training Act	33,400	33,509
Economic development	39,300	48,236
South Moresby implementation	35,000	34,110
Transportation and highways	20,900	21,557
Public Utilities Income Tax Transfer Act	10,000	16,028
Statutory subsidies	2,500	2,516
Reciprocal Taxation Agreement	18,700	20,530
Other payments	28,200	35,414
Total Contributions from the Federal Government	2,108,000	2,109,881
Total Revenue	11,564,000	12,185,816
Transfer (to) from Budget Stabilization Fund	—	(591,917)
Total General Fund Revenue	**11,564,000**	**11,593,899**

Revenue by source is reported after the deduction of amounts considered uncollectible. These amounts totalled $24,072,456 in 1988/89 and were comprised of reductions of Taxation $10,033,997; Natural Resources $9,790,080; and, Other Revenue $4,248,379.

Personal and corporation income tax revenues are recorded after reduction for tax credits of $7,528,023 and $45,859,392, respectively. The types of tax credits reducing provincial income tax revenues are for foreign taxes, logging taxes, small business employment, venture capital, political contributions, Housing and Employment Development bond interest, low income tax rebates and royalty tax rebates.

Petroleum and Natural Gas Permits and Fees are net of offsets of $181,000 allowed under section 68 of the *Petroleum and Natural Gas Act*.

The British Columbia Liquor Distribution Branch revenue is the net income of the branch after adjusting for the difference in the accounting policies of the branch from those of the government. Revenue of $416,255,437 is comprised of gross revenue of $1,238,685,532 less cost of merchandise sold and operating expenses of $823,471,537 and an accounting policy adjustment of $1,041,442 for the decrease in value of fixed assets.

The Medical Services Plan premiums of $580,809,000 and the property — business (school purpose) tax of $490,968,000 were in prior years shown as recovery of expenditures.

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited)

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Legislation					
1	Legislation	**16,623,155**		**16,623,155**	**15,922,497**	**700,658**
	Auditor General					
2	Auditor General	**5,183,490**		**5,183,490**	**5,047,656**	**135,834**
	Ombudsman					
3	Ombudsman	**2,711,589**		**2,711,589**	**2,650,336**	**61,253**
	Office of the Premier and Executive Council Operations					
4	Premier's Office	6,756,134				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Tourism and Provincial Secretary		(3,628,616)			
	—Transfer from the Ministry of Tourism and Provincial Secretary		300,000	3,427,518	2,969,624	457,894
		6,756,134	**(3,328,616)**	**3,427,518**	**2,969,624**	**457,894**
	Ministry of Advanced Education and Job Training					
5	Minister's Office	248,576		248,576	246,612	1,964
6	Ministry Operations	856,742,355				
	Supplement—Special Warrant No. 11		51,920,000	908,662,355	907,746,855	915,500
7	Science and Technology Development Subsidiary Agreement (ERDA)	4,240,000		4,240,000	3,231,831	1,008,169
8	Vancouver Island/Coast Development Region	796,682				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Parks		(796,682)			
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from Ministry of Economic Development (Vote 20)		2,290,250	2,290,250	2,290,000	250
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Canadian Job Strategy					
	—*Patent Act*					
		862,027,613	**53,413,568**	**915,441,181**	**913,515,298**	**1,925,883**
	Ministry of Agriculture and Fisheries					
9	Minister's Office	254,982		254,982	227,944	27,038
10	Ministry Operations	62,003,466				
	Supplement — Special Warrant No. 1		9,400,000			
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of International Business and Immigration		(263,046)	71,140,420	68,596,135	2,544,285
11	Milk Board	354,110		354,110	326,962	27,148
12	Provincial Agricultural Land Commission	1,303,413		1,303,413	1,102,654	200,759

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
13	Agri-Food Regional Development Subsidiary Agreement (ERDA)	7,300,000		7,300,000	6,791,436	508,564
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Environment (Vote 35)		91,500	91,500	91,500	
	Cattle Horn Act (R.S.B.C. 1979, chap. 44, sec. 7) — Livestock Improvement		55,000	55,000	55,000	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries — Soft Fruit Cost Survey					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 14) — Bad Debt Expense		808,813	808,813	808,813	
	Special Accounts —					
	Farm Income Insurance Act (R.S.B.C. 1979, chap. 123, sec. 2) — Farm Income Assurance	40,000,000		40,000,000	25,349,868	14,650,132
	Livestock Protection Act (R.S.B.C. 1979, chap. 245, sec. 14) — Livestock Protection	11,000		11,000	7,156	3,844
	Agricultural Credit Act (R.S.B.C. 1979, chap. 8, sec. 5 (2)) — Agricultural Land Development		34,841	34,841	34,841	
	Less transfer to the Farm Income Assurance Fund, Special Account from Vote 10	(20,000,000)		(20,000,000)	(13,300,554)	(6,699,446)
		91,226,971	**10,127,108**	**101,354,079**	**90,091,755**	**11,262,324**
	Ministry of Attorney General					
14	Minister's Office	236,953		236,953	234,233	2,720
15	Ministry Operations	301,463,304				
	Supplement — Special Warrant No. 2		7,297,000			
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Solicitor General		(122,814,638)			
	— Transfer to the Ministry of International Business and Immigration		(430,000)	185,515,666	184,135,162	1,380,504
16	Emergency Assistance	2,403,500				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Solicitor General		(2,403,500)			
17	Judiciary	20,125,002		20,125,002	19,896,628	228,374
18	Corrections	130,920,494				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Solicitor General		(130,578,919)	341,575	341,575	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from the Ministry of Solicitor General (Vote 68)		196,794	196,794	196,794	
	—Transfer from the Ministry of Solicitor General (Vote 70)		43,710	43,710	43,710	
	Special Accounts—					
	Correction Act (R.S.B.C. 1979, chap. 70, sec. 16.2 (3)) — Corrections Work Program	200,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Solicitor General		(200,000)			
	Land Title Act (R.S.B.C. 1979, chap. 219, sec. 274 (2)) — Land Titles Survey	9,000		9,000		9,000
		455,358,253	**(248,889,553)**	**206,468,700**	**204,848,102**	**1,620,598**
	Ministry of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands					
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from the Ministry of Environment (Vote 35)		15,049,945			
	—Transfer from the Ministry of Forests (Vote 41)		14,554,594			
	—Transfer from the Ministry of Regional Development (Vote 41)		1,998,166	31,602,705	30,490,544	1,112,161
	—Transfer from the Ministry of Municipal Affairs, Recreation and Culture (Vote 55)		792,988	792,988	389,346	403,642
	—Transfer from the Ministry of Social Services and Housing (Vote 64)		649,635	649,635	334,905	314,730
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries — Employee Secondment to BCEC					
			33,045,328	**33,045,328**	**31,214,795**	**1,830,533**
	Ministry of Economic Development					
19	Minister's Office	277,394		277,394	166,815	110,579
20	Ministry Operations	51,593,099				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Advanced Education and Job Training		(2,290,250)			
	—Transfer to the Ministry of Government Management Services		(6,605,835)			
	—Transfer to the Ministry of International Business and Immigration		(27,187,221)			
	—Transfer to the Ministry of Regional Development		(15,509,793)			

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
21	Economic and Regional Development Subsidiary Agreement (ERDA)	14,848,500				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Regional Development		(14,848,500)			
22	Contribution to the British Columbia Pavilion Corporation	6,102,000				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Government Management Services		(6,102,000)			
	Statutory —					
	Special Accounts —					
	Industrial Development Fund Act (R.S.B.C. 1979, chap. 194, sec. 1 (3)) — Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund	1,250,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Regional Development		(1,250,000)			
	Low Interest Loan Assistance Revolving Fund Act (S.B.C. 1985, chap. 44, sec. 2) — Low Interest Loan Assistance Revolving Fund	300,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Regional Development		(300,000)			
	Purchasing Commission Act (R.S.B.C. 1979, chap. 350, sec. 23.1 (3)) — Purchasing Commission Working Capital Account	5,705,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Government Management Services		(5,705,000)			
		80,075,993	**(79,798,599)**	**277,394**	**166,815**	**110,579**
	Ministry of Education					
23	Minister's Office	211,618		211,618	209,032	2,586
24	Ministry Operations	64,091,579		64,091,579	63,034,556	1,057,023
25	Public Schools Education	1,859,342,139				
	Supplement — Special Warrant No. 3		15,900,000	1,875,242,139	1,869,736,385	5,505,754
26	Independent Schools	48,075,170				
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(965,908)	47,109,262	46,250,839	858,423
27	Northeast Development Region	813,598				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Native Affairs		(813,598)			

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Status Indian Children Education					
	—Canadian Official Languages Program					
		1,972,534,104	**14,120,494**	**1,986,654,598**	**1,979,230,812**	**7,423,786**
	Ministry of Energy, Mines and Petroleum Resources					
28	Minister's Office	250,592		250,592	250,591	1
29	Ministry Operations	25,909,039		26,909,039	25,999,224	909,815
30	British Columbia Utilities Commission	10		10		10
31	Fort Nelson Indian Band Mineral Revenue Sharing Agreement	800,000		800,000	389,744	410,256
32	Mineral Development and Exploration Incentives	2,527,000		2,527,000	2,305,085	221,915
33	Government Personnel Services	9,508,597				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Government Management Services		(9,508,597)			
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24.1 (c)) — Interest on Revenue Refunds		41,221	41,221	41,221	
	Mines Act (S.B.C. 1980, chap. 15 (2)) — Mine Improvement		500	500	500	
		39,995,238	**(9,466,876)**	**30,528,362**	**28,986,365**	**1,541,997**
	Ministry of State for Cariboo, Responsible for Environment					
34	Minister's Office	260,049		260,049	246,719	13,330
35	Ministry Operations	142,997,238				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Parks		(32,438,130)			
	—Transfer to the Ministry of Crown Lands		(15,049,945)			
	—Transfer to the Ministry of Agriculture and Fisheries		(91,500)			
	—Transfer to the Ministry of Regional Development		(7,829,241)	87,588,422	84,670,839	2,917,583
36	Cariboo Development Region	694,483		694,483	453,882	240,601
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Williston Reservoir					
	—Kokanee Creek Park					
	—Canadian Association of Pesticide Control Officers					
	—Fisheries and Oceans					
	—Peace Canyon Fish Hatchery					

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Special Accounts—					
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 8) — Habitat Conservation Fund	1,710,000	377,603	2,087,603	2,087,603	
		145,661,770	**(55,031,213)**	**90,630,557**	**87,459,043**	**3,171,514**
	Ministry of Finance and Corporate Relations					
37	Minister's Office	293,411		293,411	286,716	6,695
38	Ministry Operations	61,464,197				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer to the Ministry of Solicitor General		(275,569)			
	— Transfer to the Ministry of International Business and Immigration		(269,854)	60,918,774	59,934,560	984,214
39	Compensation Stabilization Program	256,677		256,677	107,658	149,019
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Government Management Services (Vote 20)		2,245,266			
	— Transfer from the Ministry of Government Management Services (Vote 57)		403,990	2,649,256	2,469,472	179,784
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 56 (1))					
	— Insurance Claims: Health Care Facilities[1]		603,846	603,846	603,846	
	— Insurance Claims and Administration: School Districts and Colleges[1]		283,912	283,912	283,912	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c)) — Interest on Revenue Refunds		1,410,199	1,410,199	1,410,199	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 14)					
	— Provision for Doubtful Recovery		19,900,000	19,900,000	19,900,000	
	International Financial Business Act (S.B.C. 1988, chap. 16, sec. 21) — International Financial Business		68,136	68,136	68,136	
	Unclaimed Money Act (R.S.B.C. 1979, chap. 418, sec. 15)		9,773	9,773	9,773	
	Special Accounts—					
	Special Accounts Appropriations and Control Act (R.S.B.C. 1988, chap. 26, sec. 3) — Lumber Export Charge Compensation Fund	500,000		500,000		500,000
	Education Excellence Appropriation Act (S.B.C. 1986, chap. 6, sec. 1) — Fund for Excellence in Education		279,310,661	279,310,661	279,310,661	
	Health Improvement Appropriation Act (S.B.C. 1986, chap. 9, sec. 1) — Health Improvement Fund		360,039,077	360,039,077	360,039,077	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Less transfer to General Fund from Fund for Excellence in Education, Special Account		(279,310,661)	(279,310,661)	(279,310,661)	
	Less transfer to General Fund from Health Improvement Fund		(360,039,077)	(360,039,077)	(360,039,077)	
		62,514,285	**24,379,699**	**86,893,984**	**85,074,272**	**1,819,712**
	Ministry of Forests					
40	Minister's Office	304,458		304,458	223,827	80,631
41	Ministry Operations	366,149,032				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Crown Lands		(14,554,594)			
	— Transfer to the Ministry of Regional Development		(4,270,057)	347,324,381	332,290,274	15,034,107
42	Fire Suppression Program	80,000,000		80,000,000	53,271,299	26,728,701
43	Forest Resource Development Subsidiary Agreement (ERDA)	69,403,505		69,403,505	65,512,940	3,890,565
44	North Coast Development Region	738,176				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Parks		(738,176)			
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	— Skagit Valley					
	— Boulder Creek					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 24 (1) (c)) — Interest Revenue Refunds		388	388	388	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 21) — Special Warrant No. 4: Funding for Forestry Enhancement Program		600,000	600,000	600,000	
	Special Accounts —					
	Forest Act (R.S.B.C. 1979, chap. 140, sec. 87.1) — Small Business Forest Enterprise Account	53,100,000		53,100,000	46,519,337	6,580,663
	Forest Stand Management Fund Act (S.B.C. 1986, chap. 8, sec. 3) — Forest Stand Management	150,000	1,826,110	1,976,110	1,976,110	
	South Moresby Implementation Account Act (S.B.C. 1988, chap. 60, sec. 4) — South Moresby Implementation	34,800,000		34,800,000	974,663	33,825,337
	Less transfer to Special Account from Vote 41					
	— South Moresby Implementation	(19,690,000)	(322)	(19,690,322)	(19,690,322)	
	— Forest Stand Management Fund	(150,000)	(50,000)	(200,000)	(200,000)	
		584,805,171	**(17,186,651)**	**567,618,520**	**481,478,516**	**86,140,004**

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Ministry of Health					
45	Minister's Office	305,183		305,183	279,466	25,717
46	Ministry Operations	2,637,469,226				
	Supplement — Special Warrant No. 6		14,097,000			
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 23 (3))		(449,833)	2,651,116,393	2,649,241,286	1,875,107
47	Medical Services Commission and Pharmacare	1,277,222,011				
	Supplement — Special Warrant No. 5		9,890,000	1,287,112,011	1,280,507,681	6,604,330
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	— Reciprocal Agreements					
	— Tuberculosis Services to Indians					
	— Aids Lab Research					
		3,914,996,420	**23,537,167**	**3,938,533,587**	**3,930,028,433**	**8,505,154**
	Ministry of International Business and Immigration					
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Agriculture and Fisheries (Vote 10)		263,046			
	— Transfer from the Ministry of Attorney General (Vote 15)		430,000			
	— Transfer from the Ministry of Economic Development (Vote 20)		27,187,221			
	— Transfer from the Ministry of Finance and Corporate Relations (Vote 38)		269,854			
	— Transfer from the Ministry of Tourism and Provincial Secretary (Vote 66)		1,029,106	29,179,227	28,000,600	1,178,627
	Public Service Benefit Plan Act (R.S.B.C. 1979, chap. 344, sec. 5) — B.C. Medical Expenses — B.C. House London, England		802	802	802	
	Legislative Assembly Allowances and Pension Act (R.S.B.C. 1979, chap. 228) — Minister's Office		596	596	596	
			29,180,625	**29,180,625**	**28,001,998**	**1,178,627**
	Ministry of Labour and Consumer Services					
48	Minister's Office	272,097		272,097	246,895	25,202
49	Ministry Operations	24,274,538		24,274,538	23,892,270	382,268
50	Prevention and Treatment of Substance Abuse	48,173,368		48,173,368	38,146,341	10,027,027
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 58 (1)) — Asia Pacific Business Institute		70,566	70,566	70,566	
	Industrial Relations Act (R.S.B.C. 1979, chap. 212, sec. 123.1 (1)) — Productivity Fund Special Account		500,000	500,000	500,000	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Special Accounts—					
	Industrial Relations Act (R.S.B.C. 1979, chap. 212, sec. 123.1(4)) — Productivity Fund Special Account	100,000		100,000		100,000
	Less transfer to the Special Account from the *Industrial Relations Act*		(500,000)	(500,000)	(500,000)	
		72,820,003	**70,566**	**72,890,569**	**62,356,072**	**10,534,497**
	Ministry of Municipal Affairs, Recreation and Culture					
51	Minister's Office	280,605		280,605	271,677	8,928
52	Ministry Operations	26,473,397		26,473,397	26,344,771	128,626
53	Municipal Revenue Sharing	239,300,000		239,300,000	239,300,000	
54	Transit Services	171,490,000				
	Supplement — Special Warrant No. 7		1,670,000	173,160,000	173,152,838	7,162
55	Kootenay Development Region	792,988				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer to the Ministry of Crown Lands		(792,988)			
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Tourism and Provincial Secretary (Vote 66)		27,479,826	27,479,826	27,458,146	21,680
	— Transfer from the Ministry of Transportation and Highways (Vote 68)		7,000	7,000	6,726	274
	— Transfer from the Ministry of Transportation and Highways (Vote 69)		1,745,504	1,745,504	1,661,267	84,237
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 58(1)) — Vancouver Symphony[1]		633,670	633,670	633,670	
	Sechelt Indian Government District Home Owner Grant Act (S.B.C. 1988, chap. 57, sec. 3)		75,445	75,445	75,445	
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries — Chilkoot Trail					
	Special Accounts—					
	Revenue Sharing Act (R.S.B.C. 1979, chap. 368, sec. 3) — Revenue Sharing Fund	239,300,000		239,300,000	222,741,940	16,558,060
	University Endowment Land Act (R.S.B.C. 1979, chap. 420, sec. 3 (1)) — University Endowment Lands Administration	1,500,000	181,121	1,681,121	1,681,121	
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Tourism and Provincial Secretary — British Columbia Cultural Fund		1,600,000			
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 3) — British Columbia Cultural Fund			1,600,000	1,595,038	4,962

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Constitution Act (R.S.B.C. 1979, chap. 62, sec. 13 and 14) — Transfer from the Ministry of Tourism and Provincial Secretary — Physical Fitness and Amateur Sports Fund		1,650,000			
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 3) — Physical Fitness and Amateur Sports Fund			1,650,000	1,605,512	44,488
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Tourism and Provincial Secretary — Provincial Computerization of Libraries		261,000			
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 7 (1)) — Provincial Computerization of Libraries			261,000	143,099	117,901
	Less transfer to the Revenue Sharing Fund, Special Account from Vote 53	(239,300,000)		(239,300,000)	(239,300,000)	
		439,836,990	**34,510,578**	**474,347,568**	**457,371,250**	**16,976,318**
	Ministry of State for Nechako and Northeast, Responsible for Native Affairs					
	Statutory —					
	Constitution Act (R.S.B.C. 1979), chap 62, secs. 13 and 14) — Transfer from the Ministry of Education (Vote 27)		813,598	813,598	406,936	406,662
	— Transfer from the Ministry of Transportation and Highways (Vote 68)		1,107,224	1,107,224	1,101,740	5,484
	— Transfer from the Ministry of Transportation and Highways (Vote 71)		576,987	576,987	282,514	294,473
	Special Accounts —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Transportation and Highways — First Citizens' Fund		1,550,000			
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 3) — First Citizens' Fund			1,550,000	1,233,691	316,309
			4,047,809	**4,047,809**	**3,024,881**	**1,022,928**
	Ministry of State for Vancouver Island/ Coast and North Coast, Responsible for Parks					
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) — Transfer from the Ministry of Advanced Education and Job Training (Vote 8)		796,682	796,682	383,770	412,912
	— Transfer from the Ministry of Environment (Vote 35)		32,438,130	32,438,130	32,101,928	336,202
	— Transfer from the Ministry of Forests (Vote 44)		738,176	738,176	254,858	483,318

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	— East Kootenay District Recreation Improvements					
	— Buttle Lake/Upper Campbell Lake Reservoir					
	— Park Enhancement					
			33,972,988	**33,972,988**	**32,740,556**	**1,232,432**
	Ministry of Government Management Services					
56	Minister's Office	236,125		236,125	229,914	6,211
57	Ministry Operations	60,927,088				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer to the Ministry of Finance and Corporate Relations		(403,990)			
	— Transfer to the Ministry of Regional Development		(15,529,364)			
	— Transfer to the Ministry of Tourism and Provincial Secretary		(12,464,232)	32,529,502	32,205,990	323,512
58	Pensions and Employee Benefits Administration	10		10		10
59	Pensions and Employee Benefits Contributions	10				
	Statutory —					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 20 (3))		399,581	399,591	399,591	
60	Mainland/Southwest Development Region	832,974				
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer to the Ministry of Regional Development		(832,974)			
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Economic Development (Vote 20)		6,605,835			
	— Transfer to the Ministry of Finance and Corporate Relations		(2,245,266)	4,360,569	4,271,276	89,293
	— Transfer from the Ministry of Economic Development (Vote 22)		6,102,000	6,102,000	5,588,000	514,000
	— Transfer from the Ministry of Energy, Mines and Petroleum Resources (Vote 33)		9,508,597	9,508,597	8,690,042	818,555
	Special Accounts —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Economic Development — Purchasing Commission Working Capital Account		5,705,000			

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Purchasing Commission Act (R.S.B.C. 1979, chap. 350, sec. 23.1 (3)) — Purchasing Commission Working Capital Account		1,537,301	7,242,301	7,242,301	
		61,996,207	**(1,617,512)**	**60,378,695**	**58,627,114**	**1,751,581**
	Ministry of Regional Development and Ministry of State for Mainland/Southwest					
	Statutory —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Economic Development (Vote 20)		15,509,793			
	— Transfer from the Ministry of Environment (Vote 35)		7,829,241			
	— Transfer from the Ministry of Forests (Vote 41)		4,270,057			
	— Transfer to the Ministry of Crown Lands		(1,998,166)			
	— Transfer from the Ministry of Government Management Services (Vote 57)		15,529,364			
	— Transfer from the Ministry of Tourism and Provincial Secretary (Vote 66)		651,350	41,791,639	40,451,353	1,340,286
	— Transfer from the Ministry of Economic Development (Vote 21)		14,848,500	14,848,500	3,523,731	11,324,769
	— Transfer from the Ministry of Government Management Services (Vote 60)		832,974	832,974	524,944	308,030
	Special Accounts —					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Economic Development — Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund		1,250,000			
	Industrial Development Fund Act (R.S.B.C. 1979, chap. 194, sec. 1 (3)) — Industrial Development Subsidiary Agreement Loan Repayment Revolving Fund		11,135,933	12,385,933	12,385,933	
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	— Transfer from the Ministry of Economic Development — Low Interest Assistance Revolving Fund		300,000			
	Low Interest Loan Assistance Revolving Fund Act (S.B.C. 1985, chap. 44, sec. 2) — Low Interest Assistance Revolving Fund		664,727	964,727	964,727	
			70,823,773	**70,823,773**	**57,850,688**	**12,973,085**
	Ministry of Social Services and Housing					
61	Minister's Office	224,319		224,319	221,599	2,720
62	Ministry Operations	1,387,596,502				
	Supplement — Special Warrant No. 8		46,800,000	1,434,396,502	1,422,464,052	11,932,450

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
63	British Columbia Home Program	10		10		10
64	Thompson-Okanagan Development Region	649,635				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Crown Lands		(649,635)			
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Employment Initiatives Projects					
	Special Accounts—					
	Home Conversion and Leasehold Loan Act R.S.B.C. 1979, chap. 170, sec. 17 (1)) and *Home Purchase Assistance Act* (R.S.B.C. 1979, chap. 172, sec. 21 (1)) — Provincial Home Acquisition	5,200,000	4,173,817	9,373,817	9,373,817	
		1,393,670,466	**50,324,182**	**1,443,994,648**	**1,432,059,468**	**11,935,180**
	Ministry of Solicitor General					
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from the Ministry of Attorney General (Vote 15)		122,814,638			
	Supplement — Special Warrant No. 9		415,000			
	—Transfer from the Ministry of Finance and Corporate Relations (Vote 38)		275,569	123,505,207	123,321,250	183,957
	—Transfer from the Ministry of Attorney General (Vote 16)		2,403,500	2,403,500	495,901	1,907,599
	—Transfer from the Ministry of Attorney General (Vote 18)		130,578,919			
	Supplement — Special Warrant No. 10		1,993,000	132,571,919	132,206,827	365,092
	—Transfer from the Ministry of Transportation and Highways (Vote 68)		1,670,109			
	—Transfer to the Ministry of Attorney General		(196,794)	1,473,315	1,473,315	
	—Transfer from the Ministry of Transportation and Highways (Vote 69)		720,362	720,362	720,362	
	—Transfer from the Ministry of Transportation and Highways (Vote 70)		41,420,822			
	—Transfer to the Ministry of Attorney General		(43,710)	41,377,112	41,238,916	138,196
	Police Act (R.S.B.C. 1979, chap. 331, sec. 7 (4)) — Video Camera Use Study		40,543	40,543	40,543	
	Inquiry Act (R.S.B.C. 1979, chap. 198, sec. 18) — Vancouver Police Inquiry		80,077	80,077	80,077	
	Flood Relief Act (R.S.B.C. 1979, chap. 138, sec. 2)					
	—Pemberton Flood		362,253	362,253	362,253	
	—North-East B.C. Flood		854,287	854,287	854,287	
	—North-West B.C. Flood		1,161,582	1,161,582	1,161,582	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Employee Secondment to Federal Government					
	Special Accounts—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from the Ministry of Attorney General — Corrections Work Program		200,000			
	Correction Act (R.S.B.C. 1979, chap. 70, sec. 16.2 (3)) — Corrections Work Program		222,426	422,426	422,426	
			304,972,583	**304,972,583**	**302,377.739**	**2.594,844**
	Ministry of Tourism and Provincial Secretary					
65	Minister's Office	243,459		243,459	229.415	14,044
66	Ministry Operations	45,672,508				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of International Business and Immigration		(1,029,106)			
	—Transfer to the Ministry of Regional Development		(651,350)			
	—Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(27,479,826)	16,512,226	16,258,662	253,564
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer from the Ministry of Government Management Services (Vote 57)		12.464,232	12.464,232	12.443,994	20,238
	—Transfer from the Office of the Premier (Vote 4)		3.628,616			
	—Transfer to the Office of the Premier		(300,000)	3,328.616	3,280,913	47.703
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Expo 86					
	—Academic Initiatives Program					
	—Canadian Broadcasting Corporation — Records					
	—Canada's West					
	—World Travel Mart					
	Police Act (R.S.B.C. 1979, chap. 331, sec. 44) — Fullerton Inquiry		4,523	4,523	4,523	
	Elections Act (R.S.B.C. 1979, chap. 103, sec. 191 (1))[1]					
	—By-election Boundary-Similkameen		289,558	289,558	289,558	
	—By-election Alberni		329,212	329,212	329,212	
	—By-election Nanaimo		204,416	204,416	204,416	
	—By-election Vancouver-Point Grey		595,288	595,288	595,288	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	—Electoral Boundary Redistribution		173,131	173,131	173,131	
	—Enumeration 1989		255,866	255,866	255,866	
	—*Election Act* — General		289,326	289,326	289,326	
	Inquiry Act (R.S.B.C. 1979, chap. 198, sec. 18)[1]					
	—Royal Commission on Coquihalla Highway Costs		10,978	10,978	10,978	
	—Royal Commission on Oakalla Prison		132,864	132,864	132,864	
	—Royal Commission on Education		1,171,608	1,171,608	1,171,608	
	—Royal Commission on Station Square — Burnaby		221,338	221,338	221,338	
	—Royal Commission on Electoral Boundaries		600,123	600,123	600,123	
	—Royal Commission on Social Housing		418	418	418	
	Special Accounts—					
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 3) — British Columbia Cultural Fund	1,600,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) —Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(1,600,000)			
	Special Accounts Appropriation and Control Act (S.B.C. 1988, chap. 26, sec. 3) — Physical Fitness and Amateur Sports Fund	1,650,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) —Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(1,650,000)			
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 7 (1)) — Provincial Computerization of Libraries	261,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) —Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(261,000)			
		49,426,967	**(12,599,785)**	**36,827,182**	**36,491,633**	**335,549**
	Ministry of Transportation and Highways					
67	Minister's Office	280,361		280,361	246,719	33,642
68	Administration and Support Services	97,125,770				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14) —Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(7,000)			
	—Transfer to the Ministry of Native Affairs		(1,107,224)			
	—Transfer to the Ministry of Solicitor General		(1,670,109)	94,341,437	94,332,362	9,075

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
69	Highway Operations Department	590,355,241				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Municipal Affairs, Recreation and Culture		(1,745,504)			
	—Transfer to the Ministry of Solicitor General		(720,362)	587,889,375	558,177,982	29,711,393
70	Motor Vehicle Department	41,420,822				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Solicitor General		(41,420,822)			
71	Nechako Development Region	576,987				
	Statutory—					
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Native Affairs		(576,987)			
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 22 (1)) — net of recoveries					
	—Employee Secondment to Federal Government					
	Special Accounts—					
	Special Appropriations Act (S.B.C. 1982, chap. 40, sec. 7 (1)) — First Citizens' Fund	1,550,000				
	Constitution Act (R.S.B.C. 1979, chap. 62, secs. 13 and 14)					
	—Transfer to the Ministry of Native Affairs		(1,550,000)	0	0	
		731,309,181	**(48,798,008)**	**682,511,173**	**652,757,063**	**29,754,110**
	Other Appropriations					
72	Management of the Public Debt (Ministry of Finance and Corporate Relations	605,000,000				
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 53)		6,929,875	611,929,875	611,929,875	
73	Contingencies (All Ministries) (Ministry of Finance and Corporate Relations)	50,000,000		50,000,000	22,018,857	27,981,143
74	New Programs	90,000,000		90,000,000	60,795,285	29,204,715
	Statutory—					
	Financial Administration Act (S.B.C. 1981, chap. 15, sec. 14)					
	—Valuation Allowance — B.C. Ferry Corporation		6,851,184	6,851,184	6,851,184	
	—Valuation Allowance — B.C. Steamship (1975) Ltd.		8,278,309	8,278,309	8,278,309	
	—Valuation Allowance — B.C. Pavilion		7,272,067	7,272,067	7,272,067	

Table A2.6 General Fund Expenditure by Appropriation for the Fiscal Year Ended March 31, 1989 (Unaudited) — *Continued*

Vote No.	Description	Total Appropriations: Estimated for the 12 Months Ending March 31, 1989	Total Appropriations: Other Authorizations	Total Appropriations: Total	Actual Expenditures	Net Under Expenditure
		$	$	$	$	$
	Special Accounts—					
	Ministry of Lands, Parks and Housing Act (R.S.B.C. 1979, chap. 277, sec. 7 (2)) — Crown Land	20,000,000	8,164,862	28,164,862	28,164,862	
	Lottery Act (R.S.B.C. 1979, chap. 249, secs. 6 and 7) — Lottery Fund	80,470,000	83,887,198	164,357,198	164,357,198	
		845,470,000	**121,383,495**	**966,853,495**	**909,667,637[3]**	**57,185,858**
	Total General Fund Expenditure 1989	**11,835,000,000[2]**	**331,193,150**	**12,166,193,150**	**11,892,010,418[3]**	**274,182,732**
	Summary					
	Voted Expenditure	11,624,774,000	(1,016,160)	11,623,757,840	11,453,830,374	169,927,466
	Statutory—					
	Special Accounts	489,366,000	751,555,677	1,240,921,677	1,168,210,981	72,710,696
	Special Warrants		159,982,000	159,982,000	128,667,859	31,314,141
	Various Acts		60,571,693	60,571,693	53,641,818	6,929,875
	Less Inter-Account Transfers	(279,140,000)	(639,900,060)	(919,040,060)	(912,340,614)	(6,699,446)
	Total General Fund Expenditure	**11,835,000,000[2]**	**331,193,150**	**12,166,193,150**	**11,892,010,418[3]**	**274,182,732**
	Total General Fund Expenditure 1988[4]	**11,090,484,286**	**199,022,164**	**11,289,506,460**	**11,031,417,763**	**258,088,697**

[1] Statutory accounts which have been transferred under the *Constitution Act* (R.S.B.C. 1979, chap. 62, secs. 13 and 14).

[2] Does not include $45,000,000 in interest payments to the Budget Stabilization Fund and $79,000,000 transferred from the Lottery Fund Special Account to the Budget Stabilization Fund.

[3] Expenditure does not include an accounting adjustment for recognition of April 1989 social assistance grants paid in March 1989 of $31,414,265.

[4] Comparative expenditure for 1988 has been restated to exclude the property-business (school purpose) tax of $449,330,296 and Medical Services Plan premiums of $421,154,000 which were shown as recovery of expenditures.

Table A2.7 General Fund Expenditure by Objects of Expenditure Classification (Grouped) for the Fiscal Year Ended March 31, 1989 (Unaudited)

Ministry	Salaries and Benefits	Operating Costs	Asset Acquisitions	Grants and Contributions	Transfers to Special Fund	Other Expenditures	Less: Recoveries	Total Expenditures
	$	$	$	$	$	$	$	$
Legislation	8,747,655	2,816,504	582,145	115,000		3,661,193		15,922,497
Auditor General	3,971,324	849,915	206,293	40,000			(19,876)	5,047,656
Ombudsman	1,910,411	708,512	31,413					2,650,336
Premier's Office and Executive Council Operations	2,263,556	654,376	51,692					2,969,624
Advanced Education and Job Training	12,166,559	7,926,771	1,466,080	892,332,413		4,350,770	(4,727,295)	913,515,298
Agriculture and Fisheries	16,282,153	10,188,979	1,547,714	40,207,523		26,885,318	(5,019,932)	90,091,755
Attorney General	84,849,880	84,443,584	6,850,692	28,307,710		1,253,743	(857,507)	204,848,102
Education	12,200,909	43,428,940	2,972,509	1,971,319,328			(50,690,874)	1,979,230,812
Energy, Mines and Petroleum Resources	13,582,455	14,095,075	3,080,519	1,137,081			(2,908,765)	28,986,365
Finance and Corporate Relations	35,962,322	28,786,631	4,094,317	7,219,513		22,040,008	(13,028,519)	85,074,272
Forests	129,439,367	319,794,585	24,506,809	7,844,190			(106,435)	481,478,516
Government Management Services	38,170,524	22,395,889	21,346,129	5,593,000		2,823,145	(31,701,573)	58,627,114
Health	175,256,490	98,370,922	10,444,958	3,670,984,071		1,147,790	(26,175,798)	3,930,028,433
International Business and Immigration	5,954,298	14,369,683	1,775,454	5,644,825		301,329	(43,591)	28,001,998
Labour and Consumer Services	28,112,230	15,265,464	2,678,560	22,138,849			(5,839,031)	62,356,072
Municipal Affairs, Recreation and Culture	28,341,093	18,611,368	1,975,349	409,680,468		633,670	(1,870,698)	457,371,250
Regional Development and Ministry of State for Mainland/Southwest	17,751,285	16,138,036	3,632,511	6,844,014		13,485,736	(894)	57,850,688
Ministry of State for Thompson-Okanagan, Responsible for Crown Lands	17,120,594	12,727,931	1,658,742			700	(293,172)	31,214,795
Ministry of State for Cariboo, Responsible for Environment	43,718,571	35,494,100	8,495,801	1,137,448			(1,386,877)	87,459,043
Ministry of State for Nechako and Northeast, Responsible for Native Affairs	750,590	649,650	57,807	1,566,152		682		3,024,881
Ministry of State for Vancouver Island/Coast and North Coast, Responsible for Parks	15,036,987	14,502,870	3,828,945	14,000			(642,246)	32,740,556
Social Services and Housing	147,831,528	57,009,476	7,274,414	1,214,391,916		8,999,005	(3,446,871)	1,432,059,468
Solicitor General	106,298,521	71,252,726	12,742,969	131,453,313		648,857	(20,018,647)	302,377,739
Tourism and Provincial Secretary	8,793,672	20,413,302	1,003,797	5,618,897		724,351	(62,386)	36,491,633
Transportation and Highways	146,035,534	313,343,040	108,563,951	85,210,858		182,480	(578,800)	652,757,063
Other Appropriations[1]	5,408,845	5,372,255	857,764	151,202,045	79,000,000	1,047,499,975[2]	(348,092,167)	941,248,717[2]
General Fund Expenditure[2]	1,105,957,353	1,229,610,584	231,727,334	8,660,002,614	79,000,000	1,134,638,752	(517,511,954)	11,923,424,683
Comparative – 1988 Expenditure	1,272,552,079	1,013,208,955	353,717,521	7,897,962,389	25,528,582	848,474,891	(380,026,654)	11,031,417,763

[1] Includes expenditures of the Office of the Minister of Economic Development (budget $277,394, actual $166,815).
[2] Includes an accounting adjustment for recognition of April 1989 Social Assistance Grant paid in March 1989 ($31,414,265).

Table A2.8 General Fund Revenue by Source for the Fiscal Years Ended March 31, 1985, 1986, 1987, 1988 and 1989 (Unaudited)

	1985	1986	1987	1988	1989
Taxation revenue	$	$	$	$	$
Personal income	1,853,296,653	2,073,087,994	2,248,096,283	2,789,965,421	2,995,339,000
Corporation income	366,164,204	323,481,377	280,646,755	473,407,007	600,270,000
Social service	1,331,342,643	1,451,761,470	1,540,776,120	1,463,087,240	1,716,709,000
Fuel	468,327,203	420,020,004	373,397,158	449,484,111	468,867,000
Tobacco	159,315,452	188,270,554	212,014,503	227,794,625	259,191,000
Property – business (school purposes)	654,791,527	561,964,579	478,397,629	449,330,296	490,968,000
Property – rural areas	41,008,063	38,203,592	35,798,956	42,740,634	44,666,000
Property purchase	–	–	668,721	140,130,010	248,559,000
Corporation capital	86,998,874	94,340,292	87,205,128	56,761,544	13,614,000
Insurance premiums	22,039,794	25,295,256	34,681,187	54,215,088	82,323,000
Hotel room	25,099,624	27,656,537	41,484,460	40,027,685	45,392,000
Horse racing	6,801,580	7,183,734	6,720,064	6,682,356	5,748,000
Succession and gift	159,231	100,004	15,760	9,501	2,000
Total Taxation Revenue	**5,015,344,848**	**5,211,365,393**	**5,339,902,724**	**6,193,635,518**	**6,971,648,000**
Natural resource revenue					
Minerals					
Petroleum and natural gas					
British Columbia Petroleum Corporation and natural gas royalties	140,013,142	53,663,385	57,215,426	53,664,809	55,736,000
Permits and fees	97,811,166	133,592,498	68,093,150	92,594,710	146,099,000
Petroleum royalties	100,061,797	86,540,200	44,957,545	51,850,844	38,400,000
Revenue from other minerals	54,223,756	57,190,443	55,585,175	53,587,062	74,650,000
	392,109,861	**330,986,526**	**225,851,296**	**251,697,425**	**314,885,000**
Forests					
Logging tax	4,313,466	5,146,017	8,841,478	31,530,577	50,032,000
Timber sales	97,411,290	93,441,902	103,380,044	350,505,834	413,469,000
Small Business Forest Enterprise Program	–	20,449,791	28,971,611	47,227,650	134,456,000
Forest scaling fees	5,417,582	2,458,346	4,230,579	3,901,481	2,824,000
Lumber export tax	–	–	–	278,998,574	5,782,000
Other forest revenue	20,161,932	22,648,501	39,882,565	32,417,225	71,793,000
	127,304,270	**144,144,557**	**185,306,277**	**744,581,341**	**678,356,000**
Water resources	190,840,415	213,890,683	235,642,576	214,970,741	255,519,000
Wildlife Act – fees and licences	10,658,970	10,530,864	10,791,085	11,708,640	12,567,000
Total Natural Resource Revenue	**720,913,516**	**699,552,630**	**657,591,234**	**1,222,958,147**	**1,261,327,000**
Other revenue					
Sales and services					
Medical Services Plan premiums	328,813,607	355,178,620	380,803,000	421,154,000	580,809,000
Farm income assurance	26,272,675	24,889,460	15,972,254	12,075,856	13,301,000
Lottery Fund Special Account	84,493,299	105,272,970	160,705,588	165,064,316	188,745,000
Land registry fees	27,318,053	33,666,671	37,102,055	17,660,526	24,637,000
Land leases, rentals and fees	13,686,163	25,096,583	25,202,232	28,676,290	50,831,000
Other	49,800,115	32,873,833	42,892,422	48,998,924	51,388,000
	530,383,912	**576,978,137**	**662,677,551**	**693,629,912**	**909,711,000**
Licences and permits					
Motor vehicle licences and permits	124,191,583	116,321,485	129,030,240	136,820,946	192,664,000
Other	46,469,541	49,558,137	54,376,324	62,651,162	70,563,000
	170,661,124	**165,879,622**	**183,406,564**	**199,472,108**	**263,227,000**

Table A2.8 General Fund Revenue by Source for the Fiscal Years Ended March 31, 1985, 1986, 1987, 1988 and 1989 (Unaudited) — *Continued*

	1985	1986	1987	1988	1989
	$	$	$	$	$
Fines and penalties	16,248,367	15,126,079	17,878,554	24,409,228	29,150,000
Income from investments	106,352,207	84,349,718	53,168,912	68,354,701	133,758,000
Sale of salt water ferry assets	–	60,611,966	–	–	–
Municipal and other governments	3,325,934	2,804,908	2,504,610	4,595,149	4,651,000
Miscellaneous	59,046,477	56,255,077	50,693,228	61,080,882	63,446,000
Total Other Revenue	**886,018,021**	**962,005,507**	**970,329,419**	**1,051,541,980**	**1,403,943,000**
Contributions from government enterprises					
Liquor Distribution Branch	355,898,655	398,375,011	424,786,708	425,039,923	416,255,000
British Columbia Buildings Corporation	4,404,000	–	2,645,000	22,965,000	22,712,000
British Columbia Ferry Corporation	–	–	9,865,728	1,175,000	–
British Columbia Railway Company	–	–	10,307,540	20,615,080	–
Pacific Coach Lines	–	–	–	–	50,000
Total Contributions from Government Enterprises	**360,302,655**	**398,375,011**	**447,604,976**	**469,795,003**	**439,017,000**
Contributions from the Federal Government					
Established Programs Financing	1,059,490,000	1,091,252,000	1,205,263,000	1,215,270,017	1,230,182,000
Fiscal stabilization	35,000,000	–	360,000	–	–
Canada Assistance Plan	572,860,899	595,744,375	611,266,561	630,957,596	667,799,000
Statutory and other subsidies	5,895,275	2,515,831	2,515,831	2,515,831	2,516,000
Other shared costs and grants in aid	98,403,659	114,342,154	152,754,112	147,096,736	188,854,000
Reciprocal Taxation Agreement	19,318,000	21,786,075	21,097,000	24,090,784	20,530,000
Total Contributions from the Federal Government	**1,790,967,833**	**1,825,640,435**	**1,993,256,504**	**2,019,930,964**	**2,109,881,000**
Total Revenue	**8,773,546,873**	**9,096,938,976**	**9,408,684,857**	**10,957,861,612**	**12,185,816,000**
Transfer (to) from Budget Stabilization Fund				(717,377,316)	(591,917,000)
Total General Fund Revenue	**8,773,546,873**	**9,096,938,976**	**9,408,684,857**	**10,240,484,296**	**11,593,899,000**

Table A2.9 General Fund Expenditure by Function for the Fiscal Years Ended March 31, 1985, 1986, 1987, 1988 and 1989 (Unaudited)

	1985	1986	1987	1988	1989
Health	$	$	$	$	$
Hospital care	1,508,805,205	1,566,858,422	1,726,917,117	1,881,711,408	2,059,263,778
Medical care	1,094,625,155	1,144,862,230	1,243,309,803	1,272,014,530	1,374,992,079
Preventive care	376,020,645	385,305,248	407,103,593	457,636,217	514,138,611
Other health	62,354,383	64,231,614	68,421,683	72,721,434	63,832,675
Total health care	**3,041,805,388**	**3,161,257,514**	**3,445,752,196**	**3,684,083,589**	**4,012,227,143**
Social services					
Social assistance	1,039,459,438	1,064,939,570	1,051,187,460	1,080,354,891	1,124,203,109
Child welfare	95,713,312	100,889,698	102,723,441	116,011,482	115,827,924
Other social services	131,319,762	131,764,979	143,930,641	152,437,253	171,101,325
Total social services	**1,266,492,512**	**1,297,594,247**	**1,297,841,542**	**1,348,803,626**	**1,411,132,358**
Education					
Elementary and secondary	1,467,064,547	1,386,650,019	1,441,096,782	1,531,193,989	1,673,347,998
Post secondary	632,482,662	641,874,082	673,684,594	751,447,315	860,465,284
Other education	321,534,908	326,385,295	349,072,532	345,592,877	346,770,975
Total education	**2,421,082,117**	**2,354,909,396**	**2,463,853,908**	**2,628,234,181**	**2,880,584,257**
Protection of persons and property					
Law enforcement	161,539,905	168,804,946	181,458,006	197,361,212	205,489,102
Police protection	75,249,966	80,589,758	87,073,490	95,393,063	103,845,756
Corrections	110,338,853	115,404,274	118,885,197	125,693,223	138,121,873
Other protection and regulation	88,523,113	86,022,679	85,694,380	90,431,718	106,408,987
Total protection of persons and property	**435,651,837**	**450,821,657**	**473,111,073**	**508,879,216**	**553,865,718**
Transportation					
Road and air	644,112,010	1,004,707,861	872,916,609	678,627,813	573,471,622
Ferries	82,732,943	70,656,904	73,600,681	73,801,409	66,479,593
Railways	467,778,395	5,425,000	13,611,073	15,650,000	16,045,848
Public transit	68,365,757	75,660,369	160,757,155	159,601,526	173,152,838
Total transportation	**1,262,989,105**	**1,156,450,134**	**1,120,885,518**	**927,680,748**	**829,149,901**
Natural resources and economic development					
Forests (includes firefighting)	250,861,827	368,007,863	321,669,533	410,565,232	481,478,516
Minerals and mines	22,966,870	19,038,660	26,130,414	27,680,022	22,833,838
Environment and agriculture	180,789,571	189,816,590	167,538,251	166,090,212	197,342,379
Fish and game	20,347,675	22,892,529	24,915,231	27,766,230	30,338,957
Trade and industry	49,328,403	60,237,682	91,306,524	102,738,582	134,770,068
Total natural resources and economic development	**524,294,346**	**659,993,324**	**631,559,953**	**734,840,278**	**866,763,758**
Other expenditure					
Local government	218,225,167	222,240,677	231,553,125	242,969,009	245,487,283
Housing support	31,052,177	43,121,711	55,821,099	28,623,907	35,710,779
Recreation and culture	102,277,426	145,774,737	351,228,057	134,505,564	133,718,817
Valuation and accounting adjustments	—	54,618,300	(88,447,000)	—	60,715,825
Total other expenditure	**351,554,770**	**465,755,425**	**550,155,281**	**406,098,480**	**475,632,704**
General government					
Legislature	7,836,393	10,165,091	18,575,441	16,426,282	16,512,557
Elections	2,610,532	6,821,190	12,279,343	3,339,350	4,486,637
Administration	178,522,148	157,770,970	171,808,679	222,226,148	185,953,030
Total general government	**188,969,073**	**174,757,251**	**202,663,463**	**241,991,780**	**206,952,224**

Table A2.9 General Fund Expenditure by Function for the Fiscal Years Ended March 31, 1985, 1986, 1987, 1988 and 1989 (Unaudited) — *Continued*

	1985	1986	1987	1988	1989
	$	$	$	$	$
Debt servicing	274,580,713	341,893,816	383,580,609	525,277,283	530,786,918
Interest paid to Budget Stabilization Fund	—	—	—	—	77,329,702
Transfers to Budget Stabilization Fund	—	—	—	25,528,582	79,000,000
Total General Fund Expenditure[1]	**9,767,419,861**	**10,063,432,764**	**10,569,403,543**	**11,031,417,763**	**11,923,424,683**

[1] Expenditure by function has been restated to more closely conform to the presentation used by Statistics Canada.

Table A2.10 Historical General Fund and Special Funds Revenue by Source for Fiscal Years Ending March 31

Year	Taxation	Natural Resource	Other Revenue	Contributions From Government Enterprises	Contributions From Federal Government	Total
			($ millions)			
1978	2,308.9	626.7	540.2	188.6	707.4	4,371.8
1979	2,531.8	806.5	477.9	218.4	818.1	4,852.7
1980	2,701.4	1,329.9	593.2	241.1	994.4	5,860.0
1981[1]	2,967.0	988.2	717.0	314.0	1,098.6	6,084.8
1981[1]	3,008.6	861.9	742.5	293.1	1,076.5	5,982.6
1982	4,216.7	597.6	916.2	326.5	1,082.3	7,139.3
1983	4,707.5	542.5	874.6	337.9	1,215.6	7,678.1
1984	4,705.4	678.7	793.2	351.5	1,772.7	8,301.5
1985	5,015.3	720.9	886.0	360.3	1,791.0	8,773.5
1986	5,211.4	699.5	962.0	398.4	1,825.6	9,096.9
1987	5,339.9	657.6	970.3	447.6	1,993.3	9,408.7
1988[2]	6,193.6	1,223.0	1,051.6	469.8	2,019.9	10,957.9
1989 (unaudited)[3]	6,971.6	1,261.3	1,712.5[4]	439.0	2,109.9	12,494.3

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.
[2] Includes $717.4 million in revenue transferred to the Budget Stabilization Fund.
[3] Includes $591.9 million in revenue transferred to the Budget Stabilization Fund.
[4] Other revenue includes $308.5 million in Privatization Benefits Fund revenue.

Table A2.11 Historical General Fund and Special Funds Expenditure by Function for Fiscal Years Ending March 31

Year	Health and Social Services	Education	Transportation	Public Debt Interest	Other	Total
			($ millions)			
1978	1,681.4	949.7	473.5	22.5	1,040.7	4,167.8
1979	1,859.0	1,043.1	512.5	23.7	1,043.9	4,482.2
1980	2,171.1	1,189.7	534.2	21.7	1,401.5	5,318.2
1981[1]	2,681.0	1,322.2	558.9	45.4	1,849.1	6,456.6
1981[1]	2,727.7	1,320.3	660.9	19.3	1,511.2	6,239.4
1982	3,173.2	1,556.7	755.5	16.9	1,821.1	7,323.4
1983	3,776.5	2,505.9	623.6	28.3	1,728.0	8,662.3
1984	4,256.9	2,382.3	831.7	112.6	1,730.1	9,313.6
1985[2]	4,308.3	2,421.1	1,263.0	274.6	1,500.4	9,767.4
1986	4,458.9	2,354.9	1,156.5	341.9	1,751.2	10,063.4
1987[3]	4,743.6	2,463.9	1,120.9	383.6	1,857.4	10,569.4
1988[4]	5,032.9	2,628.2	927.7	525.3	1,891.8	11,005.9
1989 (unaudited)[5]	5,423.4	2,880.6	829.1	530.8	2,103.2	11,767.1

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.
[2] Figures for 1985 onwards have been restated to more closely conform to the presentation used by Statistics Canada.
[3] Includes a negative Crown corporation revaluation adjustment of $88.4 million.
[4] Expenditure shown net of transfers to the Budget Stabilization Fund of $25.5 million.
[5] Expenditure shown net of interest and transfers to the Budget Stabilization Fund of $77.3 million and $79 million. Expenditure includes an accounting adjustment for recognition of grants paid in March for April social assistance claims of $31.4 million.

Table A2.12 Historical Summary of Financial Transactions for Fiscal Years Ending March 31 (General Fund and Special Funds)

Year	Revenue	Expenditure	Surplus (Deficit)	Financing/ Working Capital Transactions	Total Financial (Requirements) Sources	Net Borrowings (Retirements) for Government Purposes	Change in Cash and Temporary Investments Increase (Decrease)[2]
				($ millions)			
1967	731.6	660.5	71.1	(10.8)	60.3	—	60.3
1968	814.4	758.6	55.8	5.3	61.1	—	61.1
1969	1,017.5	959.9	57.6	11.8	69.4	—	69.4
1970	1,248.3	1,244.7	3.6	(9.3)	(5.7)	—	(5.7)
1971	1,373.3	1,274.1	99.2	(20.1)	79.1	—	79.1
1972	1,557.4	1,473.9	83.5	(22.8)	60.7	—	60.7
1973	1,772.3	1,675.5	96.8	(13.0)	83.8	—	83.8
1974	2,217.2	2,071.3	145.9	22.9	168.8	—	168.8
1975	2,769.4	2,779.2	(9.8)	(98.6)	(108.4)	—	(108.4)
1976	3,124.1	3,534.4	(410.3)	96.6	(313.7)	—	(313.7)
1977	3,785.4	3,691.1	94.3	(150.1)	(55.8)	261.4	205.6
1978	4,371.8	4,167.8	204.0	54.2	258.2	—	258.2
1979	4,852.7	4,482.2	370.5	(126.3)	244.2	—	244.2
1980	5,860.0	5,318.2	541.8	(85.0)	456.8	(26.1)	430.7
1981[1]	6,084.8	6,456.6	(371.8)	88.5	(283.3)	(26.1)	(309.4)
1981[1]	5,982.6	6,239.4	(256.8)	(30.1)	(286.9)	(26.1)	(313.0)
1982	7,139.3	7,323.4	(184.1)	159.3	(24.8)	(26.1)	(50.9)
1983	7,678.1	8,662.3	(984.2)	(265.3)	(1,249.5)	700.0	(549.5)
1984	8,301.5	9,313.6	(1,012.1)	223.5	(788.6)	713.0	(75.6)
1985	8,773.5	9,767.4	(993.9)	111.3	(882.6)	879.8	(2.8)
1986	9,096.9	10,063.4	(966.5)	105.7	(860.8)	721.2	(139.6)
1987	9,408.7	10,569.4[3]	(1,160.7)	(561.6)	(1,722.3)	1,604.7	(117.6)
1988	10,957.9	11,005.9[4]	(48.0)	(160.3)	(208.3)	214.8	6.5
1989 (unaudited)	12,494.3	11,767.1[5]	727.2	232.2	959.4	(97.5)	861.9

[1] During 1980/81 the provincial government changed from a cash basis to an accrual basis of accounting; for comparative purposes both versions are shown for 1981.

[2] The definition of items classified as cash and temporary investments has changed over time. The table reports the change in cash and temporary investments based on the accounting classifications used during the year reported.

[3] Includes a negative Crown corporation revaluation adjustment of $88.4 million.

[4] Expenditure shown net of transfers to Budget Stabilization Fund of $25.5 million.

[5] Expenditure shown net of interest and transfers to the Budget Stabilization Fund of $77.3 million and $79.0 million, respectively.

Table A2.13 Government and Crown Corporation Net Debt Summary for Years Ending March 31[1]

	1985	1986	1987	1988	1989
			($ millions)		
Government Purpose	2,475.9	3,197.1	4,801.9	5,016.7	4,919.2
Crown Corporation Net Debt					
Commercial:					
British Columbia Enterprise Corporation	–	–	43.3	167.2	38.6
British Columbia Hydro and Power Authority	8,580.2	8,494.6	8,120.3	7,683.3	7,060.3
British Columbia Petroleum Corporation	30.0	30.0	30.0	–	–
British Columbia Place	106.4	139.5	–	–	–
British Columbia Railway Company	349.7	301.9	287.6	298.3	297.5
	9,066.3	8,966.0	8,481.2	8,148.8	7,396.4
Economic Development:					
British Columbia Development Corporation	167.3	187.6	64.3	–	–
British Columbia Ferry Corporation	42.9	85.5	84.6	77.6	75.2
British Columbia Housing and Employment Development Financing Authority	165.2	137.8	26.6	1.2	0.9
British Columbia Steamship Company (1975) Ltd.	4.7	5.5	3.1	8.6	–
British Columbia Transit	642.9	942.8	1,009.3	1,105.3	1,137.4
Expo 86 Corporation	206.4	286.8	98.6	–	–
W.L.C. Developments Ltd.	15.6	23.5	4.0	–	–
Other[2]	16.8	40.6	32.5	37.4	7.3
	1,261.8	1,710.1	1,323.0	1,230.1	1,220.8
Social and Government Services:					
British Columbia Assessment Authority	3.3	3.6	4.5	4.3	4.8
British Columbia Buildings Corporation	605.0	595.2	378.2	390.1	423.7
British Columbia Educational Institutions Capital Financing Authority	378.6	376.7	373.3	362.0	376.9
British Columbia Regional Hospital Districts Financing Authority	717.0	680.0	681.3	716.1	763.0
British Columbia School Districts Capital Financing Authority	929.4	864.6	831.0	825.9	808.7
British Columbia Systems Corporation	50.0	51.6	43.1	46.5	40.0
School Districts, Colleges and Universities[3]	23.1	63.9	103.6	134.2	185.4
	2,706.4	2,635.6	2,415.0	2,479.1	2,602.5
Other:					
B.C. Gas	–	–	–	–	150.0
Greater Vancouver Sewerage and Drainage District	–	–	29.7	29.1	28.3
Greater Vancouver Water District	–	–	19.8	19.7	19.9
Other[4]	28.2	36.6	45.2	50.7	81.7
	28.2	36.6	94.7	99.5	279.9
Less Amounts Held as Investments by General and Special Funds	34.8	38.9	17.0	8.2	8.6
Total Guaranteed and Direct Debt	**15,503.8**	**16,506.5**	**17,098.8**	**16,966.0**	**16,410.2**

[1] Net debt is after deduction of sinking funds. Government purpose and fiscal agency debt excludes accrued interest, which is reported in the government's accounts as an account payable. Guaranteed debt for fiscal years 1984/85 to 1988/89 have been restated to exclude accrued interest.

[2] Includes *Agricultural Credit Act, Farm Product Industry Act,* Terry Fox Medical Research Foundation, Moli Energy Ltd., Vancouver Symphony Orchestra, Kootenay Tractor and Supply Ltd., Regional Seed Capital Program, East Chilliwack Co-op, and Nova Lumber Company.

[3] Includes University of British Columbia, Simon Fraser University, University of Victoria and short-term interim capital construction financing obtained under the Certificate of Approval Program.

[4] Includes *Municipalities Assistance Act, Municipal Act,* Student Aid Loans, Science World, Thompson-Nicola, Cariboo and Improvement Districts.

Table A2.14 Historical Government and Crown Corporation Net Debt Summary for Years Ending March 31[1]

Year	Commercial[2]	Economic[2] Development	Social, Government Services and Other	Government Purpose	Less: Amounts Held as Investments By General and Special Funds	Total Net Debt	Net Debt as a Per Cent of GDP
			($ millions)				
1969	1,522.4	166.8	417.8	—	—	2,107.0	27.4
1970	1,661.3	156.2	465.7	—	—	2,283.2	26.0
1971	1,807.5	185.9	511.6	—	—	2,505.0	27.5
1972	1,948.1	245.3	547.1	—	—	2,740.5	26.5
1973	2,061.8	298.4	590.0	—	—	2,950.2	24.8
1974	2,227.7	411.4	616.1	—	—	3,255.2	22.1
1975	2,649.9	462.2	690.4	—	—	3,802.5	21.8
1976	3,144.3	619.6	804.5	—	—	4,568.4	23.4
1977	3,787.4	725.6	971.3	261.4	—	5,745.7	25.0
1978	4,464.0	736.8	1,091.7	261.4	—	6,553.9	25.6
1979	4,437.6	723.7	1,249.9	261.4	165.5	6,907.1	24.0
1980	5,704.3	838.1	1,480.2	235.3	205.2	8,052.7	24.1
1981	5,911.2	883.1	1,654.0	209.2	161.0	8,496.5	22.2
1982	7,227.5	983.3	2,047.5	183.1	314.9	10,126.5	22.7
1983	7,691.4	1,202.5	2,669.4	883.1	136.4	12,310.0	26.7
1984	8,431.1	1,800.6	2,835.6	1,596.1	74.4	14,589.0	30.3
1985	9,066.3	1,261.8	2,734.6	2,475.9	34.8	15,503.8	30.3
1986	8,966.0	1,710.1	2,672.2	3,197.1	38.9	16,506.5	30.3
1987	8,481.2	1,323.0	2,509.7	4,801.9	17.0	17,098.8	30.2
1988	8,148.8	1,230.1	2,578.6	5,016.7	8.2	16,966.0	27.5
1989	7,396.4	1,220.8	2,882.4	4,919.2	8.6	16,410.2	24.5

[1] Net debt is after deduction of sinking funds. Government purpose and fiscal agency debt excludes accrued interest which is reported in the government's accounts as an account payable, while guaranteed debt includes accrued interest, prior to 1984/85.

[2] Prior to 1984/85 debt outstanding for British Columbia Railway Company was considered to be economic development debt; for 1984/85 and later, this debt is considered to be commercial debt.

Table A3.1 Municipal Population Estimates, 1988[1]

Cities	
Armstrong	2,699
Castlegar	6,217
Colwood	12,205
Courtenay	9,647
Cranbrook	15,175
Dawson Creek	10,144
Duncan	3,949
Enderby	1,801
Fernie	4,727
Fort St. John	12,743
Grand Forks	3,187
Greenwood	719
Kamloops	61,967
Kelowna	64,480
Kimberley	6,181
Langley	17,127
Merritt	6,091
Nanaimo	50,890
Nelson	8,134
New Westminster	41,091
North Vancouver	37,242
Penticton	24,811
Port Alberni	17,888
Port Coquitlam	31,311
Port Moody	16,043
Prince George	65,779
Prince Rupert	15,909
Quesnel	8,069
Revelstoke	7,991
Rossland	3,358
Terrace	10,663
Trail	7,641
Vancouver	443,092
Vernon	20,786
Victoria	67,157
White Rock	14,971
Williams Lake	10,415
	1,142,300
Districts	
Abbotsford	15,842
Burnaby	149,178
Campbell River	18,043
Central Saanich	12,176
Chilliwack	44,062
Coldstream	7,058
Coquitlam	75,237
Delta	81,651
Elkford	2,908
Esquimalt	16,480
Houston	3,697
Hudson's Hope	1,128
Invermere	2,049
Kent	3,761
Kitimat	10,683
Langley	58,307
Logan Lake	1,810
Mackenzie	5,312
Maple Ridge	41,581
Matsqui	56,225
Metchosin	3,832
Mission	23,605
New Hazelton	858
North Cowichan	19,221
North Saanich	7,971
North Vancouver	71,130
Oak Bay	17,597
Peachland	3,019
Pitt Meadows	8,823
Port Hardy	4,945
Powell River	12,177
Richmond	114,710
Saanich	87,026
Salmon Arm	11,136
Sechelt	4,978
Spallumcheen	4,433
Sparwood	3,863
Squamish	10,654
Stewart	1,044
Summerland	8,315
Surrey	200,707
Tofino	933
Tumbler Ridge	4,007
Vanderhoof	3,211
West Vancouver	37,335
Whistler	2,396
	1,275,114
Towns	
Chetwynd	2,654
Comox	7,403
Creston	3,929
Gibsons	2,778
Golden	3,801
Hope	3,092
Ladysmith	4,529
Osoyoos	2,921
Parksville	6,157
Port McNeill	2,455
Princeton	2,702
Qualicum Beach	3,654
Sidney	9,325
Smithers	4,778
	60,178
Villages	
Alert Bay	680
Ashcroft	1,719
Belcarra	593
Burns Lake	1,695
Cache Creek	1,036
Chase	1,927
Clinton	731
Cumberland	1,861
Fort Nelson	3,535
Fort St. James	1,922
Fraser Lake	1,249
Fruitvale	1,856
Gold River	1,964
Granisle	668
Harrison Hot Springs	670
Hazelton	456
Kaslo	860
Keremeos	868
Lake Cowichan	2,083
Lillooet	1,731
Lions Bay	1,202
Lumby	1,165
Lytton	347
McBride	568
Masset	1,523
Midway	626
Montrose	1,148
Nakusp	1,322
New Denver	589
Oliver	1,995
100 Mile House	1,632
Pemberton	395
Port Alice	1,360
Port Clements	548
Port Edward	567
Pouce Coupe	767
Salmo	926
Sayward	398
Silverton	250
Slocan	272
Tahsis	1,098
Taylor	643
Telkwa	852
Ucluelet	1,503
Valemount	1,157
Warfield	1,760
Zeballos	189
	52,906
Summary	
Cities	1,142,300
Districts	1,275,114
Towns	60,178
Villages	52,906
Indian Reserves and unincorporated areas	453,302
	2,983,800

[1] Ministry of Finance and Corporate Relations estimates for June 1, 1988.

Table A3.2 Historical Labour Market Activity in British Columbia

Year	Labour Force			Employed	Unemployed	Unemployment Rate
	Male	Female	Total[1]			
			(000)			(per cent)
1978	731	471	1,202	1,103	99	8.3
1979	751	488	1,239	1,144	95	7.6
1980	785	516	1,301	1,213	88	6.8
1981	806	555	1,361	1,270	91	6.7
1982	801	567	1,367	1,202	166	12.1
1983	806	574	1,380	1,190	190	13.8
1984	807	589	1,396	1,191	206	14.7
1985	814	606	1,420	1,220	200	14.1
1986	829	622	1,451	1,270	181	12.5
1987	841	641	1,482	1,306	177	11.9
1988	849	666	1,514	1,358	157	10.3

Source: Statistics Canada.
[1] Totals may not add due to rounding.

Table A4.1 Volume of Mature Timber

Species	Coast Volume	Per Cent of Coast	Interior Volume	Per Cent of Interior	Total Volume	Per Cent of Total
	(million cubic metres)		(million cubic metres)		(million cubic metres)	
Hemlock	1,244.4	40.3	583.7	10.5	1,828.1	21.1
Spruce	152.4	4.9	1,635.5	29.5	1,787.9	20.7
Balsam	497.3	16.1	1,132.6	20.4	1,629.9	18.9
Lodgepole pine	23.5	0.8	1,396.6	25.1	1,420.1	16.4
Red Cedar	715.9	23.2	172.8	3.1	888.7	10.3
Douglas fir	275.7	8.9	261.3	4.7	537.0	6.2
Other coniferous	165.7	5.3	60.9	1.1	226.6	2.6
Deciduous	16.3	0.5	309.4	5.6	325.7	3.8
Total	3,091.2	100.0	5,552.8	100.0	8,644.0	100.0

Source: Ministry of Forests, Planning and Inventory Branch.

Table A4.2 Timber Scaled by Species

Species	1978	1986	1987	1988	1988 Per Cent of Total
			(million cubic metres)		
Balsam	10.3	9.7	12.1	11.2	12.9
Cedar	9.0	8.0	9.3	9.3	10.7
Douglas fir	9.0	8.4	9.3	9.6	11.1
Lodgepole pine	13.8	18.6	21.3	20.5	23.6
Spruce	16.6	18.3	19.4	17.2	19.8
Hemlock	14.3	12.7	16.4	15.9	18.3
All others	2.1	1.8	2.8	3.1	3.6
Total	75.1	77.5	90.6	86.8	100.0

Source: Ministry of Forests.

Table A4.3 Mineral Production, 1987 and 1988

	Unit	1987 Quantity	1987 Value	1988[1] Quantity	1988[1] Value
Metals		(000)	($ millions)	(000)	($ millions)
Copper	(kilograms)	355,898	842.3	353,651	969.0
Gold	(grams)	12,101	239.1	13,200	237.6
Iron concentrates	(tonnes)	58	2.2	71	3.2
Lead	(kilograms)	69,911	49.8	105,173	70.7
Molybdenum	(kilograms)	14,139	121.7	12,497	108.5
Silver	(grams)	371,600	122.6	431,473	117.1
Zinc	(kilograms)	100,719	109.4	146,959	211.1
Other		—	4.5	—	8.4
Total		—	1,491.6	—	1,725.7
Industrial Minerals					
Asbestos	(tonnes)	98	46.9	100	51.0
Sulphur	(tonnes)	506	64.9	493	55.2
Other		—	13.4	—	12.2
Total		—	125.2	—	118.4
Structural Materials					
Cement	(tonnes)	1,312	88.2	1,512	106.1
Sand and gravel	(tonnes)	49,260	131.3	48,050	133.1
Other		—	39.0	—	58.8
Total		—	258.5	—	298.1
Coal	(tonnes)	22,587	892.5	25,215	1,023.2
Total solid minerals		—	2,767.9	—	3,165.4
Petroleum and Natural Gas					
Crude oil	(cubic metres)	2,083	302.3	1,928	225.0
Natural gas to pipeline	(000 cubic metres)	9,826	372.5	10,300	394.7
Other		—	57.1	—	52.6
Total petroleum and natural gas		—	731.9	—	672.3
Total[2] — all minerals		—	3,499.8	—	3,837.6

Source: Ministry of Energy, Mines and Petroleum Resources.

[1] Estimated.

[2] Totals may not add due to rounding.

Conversion table:

0.9072 tonnes (t) = one ton.
0.4536 kilograms (kg) = one pound.
31.1035 grams (g) = one troy ounce.
0.1590 cubic metres (m^3) = one barrel.
0.0283 cubic metres (m^3) = one standard cubic foot.

Table A4.4 Historical Value of Mineral Production

Year	Metals	Coal	Natural Gas to Pipeline	Crude Oil	Industrial Minerals	Structural Materials	Other	Total
				($ millions)				
1978	820	382	401	145	59	142	23	1,972
1979	1,351	439	700	169	83	188	27	2,957
1980	1,429	461	613	190	116	242	26	3,077
1981	1,247	554	617	236	122	201	32	3,009
1982	1,057	567	543	334	96	164	36	2,797
1983	1,106	556	455	402	89	208	43	2,859
1984	1,037	1,008	519	435	115	192	43	3,349
1985	1,005	1,028	575	428	111	233	47	3,427
1986	1,157	934	486	230	134	215	62	3,218
1987	1,492	893	373	302	125	259	56	3,500
1988[1]	1,726	1,023	395	225	118	298	53	3,838

Source: Ministry of Energy, Mines and Petroleum Resources.
[1] Estimated.

Table A4.5 Historical Value of Metal Production

Year	Copper	Silver	Gold	Zinc	Molyb-denum	Lead	Other	Total
				($ millions)				
1978	432	45	48	52	168	52	23	820
1979	656	95	104	62	321	88	25	1,351
1980	671	157	170	49	289	66	27	1,429
1981	611	152	136	67	198	62	21	1,247
1982	495	158	118	64	155	43	24	1,057
1983	561	180	131	80	88	49	17	1,106
1984	518	121	118	115	114	38	13	1,037
1985	580	101	98	113	63	42	8	1,005
1986	629	95	155	138	93	38	9	1,157
1987	842	123	239	109	122	50	7	1,492
1988[1]	969	117	238	211	109	71	11	1,726

Source: Ministry of Energy, Mines and Petroleum Resources.
[1] Estimated.

Table A4.6 Supply and Consumption of Electrical Energy in British Columbia

Year	Supply					Consumption	
	Net Generation						
	Hydro	Thermal	Total Provincial Generation	Receipts From Other Provinces and Imports	Total Provincial Supply	Delivered To Other Provinces and Exports	Total Provincial Consumption
	(gigawatt-hours[1])						
1978	40,612	1,825	42,437	1,521	43,958	3,934	40,024
1979	40,958	2,286	43,244	1,737	44,981	3,656	41,325
1980	40,860	2,474	43,334	2,823	46,157	3,454	42,702
1981	49,408	1,600	51,008	1,158	52,166	8,987	43,180
1982	46,127	2,111	48,238	2,308	50,546	6,615	43,931
1983	44,911	2,302	47,213	2,445	49,658	4,975	44,683
1984	50,243	2,126	52,369	1,556	53,925	8,313	45,612
1985	57,105	2,021	59,126	1,080	60,206	11,231	48,975
1986	48,923	1,836	50,759	3,345	54,104	4,709	49,395
1987	61,057	2,009	63,066	1,203	64,269	13,336	50,934
1988	58,573	2,370	60,943	2,351	63,294	9,215	54,078

[1] gigawatt-hour = one million kilowatt-hours.
Note: Totals may not add due to rounding.
Source: Statistics Canada.

Table A4.7 Principal Producers of Electric Power in British Columbia

	Installed Capacity[1]		
	Hydro	Thermal	Combined
		(kilowatts)	
Utilities			
British Columbia Hydro and Power Authority	9,571,002	1,126,440	10,697,442
West Kootenay Power and Light Co. Ltd.	186,155	—	186,155
The Corporation of the City of Nelson	9,489	—	9,489
Central Coast Power Corporation	1,500	—	1,500
Kitasoo Hydro	960	—	960
Yoho Power	—	650	650
Tsawataineuk Band Council	75	—	75
Total Utilities	9,769,181	1,127,090	10,896,271
Forest Products Companies			
MacMillan-Bloedel Ltd.	74,980	109,250	184,230
B.C. Forest Products Ltd.	—	66,550	66,550
Northwood Pulp Co.	—	56,800	56,800
Western Pulp Ltd.	4,587	38,100	42,687
Skeena Cellulose Inc.	—	42,000	42,000
Weyerhaeuser Canada Limited	—	41,000	41,000
Crown Forest Industries Ltd.	75	29,500	29,575
CIP Inc.	—	29,464	29,464
Cariboo Pulp and Paper Co. Ltd.	—	28,000	28,000
Crestbrook Pulp and Paper Co. Ltd.	—	15,000	15,000
Evans Products Co. Ltd.	—	7,500	7,500
Weldwood Company of Canada Ltd.	—	6,500	6,500
Canadian Forest Products Ltd.	—	6,350	6,350
Westar Ltd.	—	2,500	2,500
MacDonald Ranch and Lumber	320	—	320
Total Forest Products	79,962	478,514	558,476
Mining Companies			
Alcan Smelters and Chemicals Ltd.	812,800	—	812,800
Cominco Ltd.	468,820	—	468,820
Westmin Resources Ltd.	11,160	10,925	22,085
Cassiar Mining Corporation	—	14,700	14,700
Placer Development Limited	—	2,200	2,200
Teck Corporation	—	800	800
Dickenson Mines Ltd.	274	—	274
Total Mining	1,293,054	28,625	1,321,679
Other Industries			
PetroCanada	—	7,500	7,500
B.C. Sugar Refining Co. Ltd.	—	5,500	5,500
British Columbia Packers	—	1,410	1,410
Walden North Enterprises	450	—	450
Total Other Industries	450	14,410	14,860
Miscellaneous Hydro	965	—	965
Total Principal Producers	11,143,612	1,648,639	12,792,251

[1] Installed capacity represents physical rather than name-plate capacity.

Sources: Hydro plant installations from Ministry of Environment. Thermal plant installations from Statistics Canada, catalogue 57-206 (December 31, 1987).

Table A4.8 Ten Largest Power Plants in British Columbia

Name	River	Installed Capacity	Ultimate Capacity	Owner
		(megawatt)[1]		
G. M. Shrum (W.A.C. Bennett Dam)	Peace	2,730	2,730	B.C. Hydro
Revelstoke	Columbia	1,843	2,764	B.C. Hydro
Mica	Columbia	1,736	2,610	B.C. Hydro
Kemano	Nechako	813	1,611	Alcan
Peace Canyon	Peace	700	700	B.C. Hydro
Seven Mile	Pend Oreille	576	639	B.C. Hydro
Kootenay Canal	Kootenay	529	529	B.C. Hydro
Bridge River	Bridge	438	438	B.C. Hydro
Waneta	Pend Oreille	360	720[2]	Cominco
Jordan River	Jordan	150	150	B.C. Hydro

[1] megawatt = 1,000 kilowatts.
[2] Estimated.
Source: Ministry of Environment.

Table A4.9 Historical British Columbia Farm Cash Receipts

Year	Crops		Livestock Products			Other	Total
	Fruits and Vegetables Including Potatoes	Grain and Other Crops	Dairy Products	Poultry and Eggs	Other Livestock and Products		
				($ millions)			
1978	129	78	125	95	120	49	596
1979	140	95	146	116	154	22	673
1980	153	135	174	120	175	22	779
1981	160	130	190	143	199	55	877
1982	181	107	211	139	231	93	962
1983	169	111	210	141	216	68	915
1984	176	122	221	154	244	79	996
1985	196	126	228	153	248	80	1,031
1986	214	120	232	165	259	85	1,075
1987	221	118	231	174	267	52	1,063
1988	215	137	237	185	258	86	1,118

Source: Statistics Canada.

Table A4.10 Historical British Columbia Fish Production

Year	Wholesale Value[1]						Total Landed Value[2]
	Salmon	Halibut[3]	Herring	Ground-fish[4]	Shellfish	Total Wholesale	
	($ millions)						
1978	304	20	155	27	12	518	251
1979	290	20	202	40	14	566	333
1980	289	12	48	42	15	406	184
1981	374	11	82	46	14	527	236
1982	315	8	86	41	17	467	241
1983	284	11	111	48	18	472	210
1984	276	14	99	52	26	467	243
1985	512	19	103	64	30	728	378
1986	536	31	88	76	35	766	405
1987	426	38	174	105	56	799	441
1988	535	26	163	98	46	868	457

[1] Wholesale value includes the value of fish wholly or partially processed, and raw fish sold through brokers.
[2] Landed value is the value of raw fish landed at dock.
[3] Includes halibut landings at United States ports by British Columbia fishermen.
[4] Includes hake landings to foreign vessels, plus minor fish species not listed.
Sources: Ministry of Agriculture and Fisheries, and Department of Fisheries and Oceans Canada.

Table A4.11 Value of Manufacturing Shipments

Industry	1986	Per Cent of Total Manufac-turing	1987	Per Cent of Total Manufac-turing	1988	Per Cent of Total Manufac-turing	Change 1987–1988
	($ millions)		($ millions)		($ millions)		(per cent)
Wood	5,354	26.4	6,828	29.1	6,780	26.9	−0.7
Paper and allied products	3,970	19.6	5,075	21.6	5,646	22.4	11.3
Food	2,753	13.6	2,804	11.9	2,763	11.0	−1.5
Fabricated metal products	879	4.3	1,052	4.5	1,187	4.7	12.8
Primary metals	846	4.2	776	3.3	1,242	4.9	60.1
Transportation equipment	841	4.2	896	3.8	951	3.8	6.1
Machinery (except electrical machinery)	450	2.2	649	2.8	886	3.5	36.5
Chemicals and chemical products	651	3.2	693	3.0	731	2.9	5.5
Non-metallic mineral products	489	2.4	574	2.4	633	2.5	10.3
Electrical and electronic products	360	1.8	387	1.6	490	2.0	26.6
Clothing	164	0.8	173	0.7	179	0.8	3.5
Furniture and fixtures	152	0.8	156	0.7	185	0.7	18.6
Other	3,331	16.5	3,428	14.6	3,500	13.9	2.1
Total	20,240	100.0	23,491	100.0	25,173	100.0	7.2

Source: Statistics Canada, Catalogue 31-001.
Note: Based on the 1980 Standard Industrial Classification.

Table A5.1
Summary of Major Tax Changes Effective in 1988 and 1989 (to September 1, 1989)

Employee Investment Act

- Effective for the 1989 taxation year, a non-refundable Employee Investment Tax Credit is introduced. The credit is equal to 20 per cent of the cost of shares in approved Employee Share Ownership Plans and approved Employee Venture Capital Plans, to a maximum of $2,000 per year.

Homeowner Grant Increase Act

- For 1989 only, the basic homeowner grant is increased to $430 from $380 and the grant paid to seniors, the handicapped and recipients of war veterans allowances is increased to $700 from $630.

Hotel Room Tax Act

- Effective May 1, 1988, a 2 per cent additional hotel room tax is imposed in the Resort Municipality of Whistler.
- Effective October 1, 1988, a 2 per cent additional hotel room tax is imposed in the City of Vancouver.
- Effective February 1, 1989, a 2 per cent additional hotel room tax is imposed in the City of Victoria.
- Effective August 1, 1989, a 2 per cent additional hotel room tax is imposed in the District of Oak Bay.
- Revenue from the additional hotel room tax is used for local tourism promotion and projects.

Income Tax Act

- The general corporation income tax rate is reduced to 14 per cent effective January 1, 1988.
- The corporation income tax rate for small business is reduced from 11 per cent to 9 per cent effective for taxation years ending after July 1, 1988.
- Effective January 1, 1989, a low income renter's tax reduction is introduced. The reduction is equal to $200 per taxpayer plus $200 per dependent (not to exceed 10 per cent of 1989 rent paid) minus 3 per cent of net family income in excess of $10,000. It will be phased out during the subsequent 4 years.

Indian Land Tax Co-operation Act

- Provision is made for a reduction of provincial and municipal tax rates where a band council provides services that would otherwise be paid for by the provincial or local governments.

Insurance Premium Tax Act

- Effective April 1, 1988, the tax rate on vehicle insurance premiums is increased from 3 per cent to 4 per cent.

Medical Services Act

- Effective May 1, 1988, Medical Services Plan premiums are increased from $42 to $58 per month for a family of three or more, from $37 to $52 for a family of two and from $20 to $29 for single subscribers. Concurrent with these increases the premium assistance program for low income subscribers is enhanced.
- Effective April 1, 1989, Medical Services Plan premiums are increased from $58 to $62 per month for a family of three or more, from $52 to $55 for a family of two and from $29 to $31 for single subscribers. Effective January 1, 1989, and July 1, 1989, premium assistance for low income subscribers is expanded in two steps.

Mineral Resource Tax Act

- Effective July 1, 1988, the mineral resource tax rate is reduced from 17.5 per cent to 15 per cent of taxable income.

Mineral Tax Act

- Effective April 1, 1990, a two stage cash flow tax is introduced to replace existing royalties on metal and coal mines. Tax rates for metal mines under the new tax are 2 per cent on operating cash flow and 13 per cent on total cash flow. Tax rates on coal mines are 7.5 per cent on operating cash flow and 17.5 per cent on total cash flow. In both instances any tax paid on operating cash flow is fully creditable against tax on total cash flow.

Mining Tax Act

- Effective July 1, 1988, the mining tax rate on income earned from the extraction of coal and structural minerals is reduced from 15 per cent to 12.5 per cent.

Motor Fuel Tax Act

- Effective April 1, 1988, the ad valorem tax rate on highway fuels is increased from 20 per cent of the pre-tax price to 22.5 per cent and effective April 15, 1988, the transit levy is increased from 2.5 cents per litre to 3.0 cents per litre.

Property Purchase Tax Act

- Effective March 31, 1989, tax is reduced for eligible purchasers of eligible residential property by 4 per cent of the difference between the amount of registered financing (to a maximum of 95 per cent of the fair market value of the property) and 75 per cent of the fair market value of the property.

Social Service Tax Act

- Effective April 1, 1988, the tax rate on all liquor, including previously exempt draught beer is increased to 10 per cent and the exemption of pesticides is eliminated except for purchases by bona fide farmers for farm purposes.

Taxation (Rural Area) Act

- Effective January 1, 1988, rural area tax rates on residential and recreational/non-profit organization property are increased from $1.40 to $1.70 per $1,000 of assessed value.
- Effective January 1, 1989, rural area tax rates on residential and recreational/non-profit organization property are increased from $1.70 to $2.30 per $1,000 of assessed value. Rates on light industry, major industry and business/other property are increased to $4.60 per $1,000 of assessed value.

Tobacco Tax Act

- Effective September 1, 1989, and subject to future indexing adjustments, the tax rate on cigarettes is increased from $1.25 to $1.44 per package of 25 cigarettes.
- Effective September 1, 1989, and subject to future indexing adjustments, the tax rate on loose tobacco products is increased from 3.8 cents per gram to 4.4 cents per gram.

Tourist Accommodation (Assessment Relief) Act

- Effective January 1, 1989, tourist accommodation facilities will receive a deduction for property tax purposes equal to 50 per cent of their assessed value, up to a maximum deduction of $150,000 from assessed value, with a phase out of this exemption for properties valued over $2 million.

Table A5.2 Comparative Provincial Tax Rates, September 1, 1989

	British Columbia	Alberta	Saskatchewan	Manitoba	Ontario	Quebec	New Brunswick	Nova Scotia	Prince Edward Island	Newfoundland
Provincial personal income tax (per cent of family income)[1]	7.4	7.2	9.2	7.6	7.5	9.9	8.7	8.2	8.2	8.8
Corporation income tax (per cent of taxable income)										
General rate	14	15	15	17	15.5	6.16	16	15	15	17
Small business rate	9	5	10	10	10	3.36	5	10	10	10
Corporation capital tax (per cent of taxable paid up capital)										
Non-financial corporations	*Nil*	*Nil*	0.5[2]	0.3	0.3[3]	0.5	*Nil*	*Nil*	*Nil*	*Nil*
Financial institutions	2.0[4]	*Nil*	3.0	3.0	0.8	1.01	3.0	1.5	1.5	2.0
Payroll tax[5] (per cent)	*Nil*	*Nil*	*Nil*	2.25	1.95	3.36	*Nil*	*Nil*	*Nil*	*Nil*
Insurance premiums tax[6] (per cent)	2–3	2–3	2–3	2–3	2–3.5	2–3	2–3	3–4	2	4–12[7]
Gasoline tax[8] Cents per litre	8.28	5.0	10.0[9]	9.0	10.3	14.4	10.4	8.9	9.1	10.7
Retail sales tax (per cent)	6	*Nil*	7	7	8	9	11	10	10	12
Tobacco tax (cents per package of 25 cigarettes)[10]	144	120	167	191	126	113	212	152	117.5	181

[1] Calculated for a single wage earner with an income of $40,000 per year, a dependent spouse and two dependent children.
[2] Large Saskatchewan resource corporations are assessed a 2 per cent surcharge on the value of Saskatchewan resource sales.
[3] Lower rates for corporations with less than $2.3 million in taxable capital.
[4] British Columbia income tax paid may be deducted from corporation capital tax liability.
[5] Manitoba and Ontario give exemptions for small businesses. Quebec does not.
[6] The lower rate applies to premiums for life, sickness and accident insurance, the higher rate applies to premiums for property insurance (excluding motor vehicles).
[7] Newfoundland sales tax is payable by the insuree on property insurance premiums.
[8] Tax rate is for regular unleaded fuel used on highways.
[9] Saskatchewan residents are eligible for a rebate of tax on fuel purchased in Saskatchewan.
[10] Includes provincial sales tax where applicable.

Table A5.3 Provincial Taxes

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Income	*Income Tax Act* (R.S.B.C. 1979, c. 190; 1980, c. 12, s. 7; 1980, c. 50, s. 46; 1981, c. 6; 1982, c. 18; c. 58; 1983, c. 18; 1984, c. 6; c. 13; 1985, c. 31, c. 37; 1986, c. 10, c. 11; 1987, c. 8; c. 43, s. 38–41; 1988, c. 14; c. 40; 1989, c. 5, c. 24, c.28, c. 50)	Net income: (1) Corporation	14% of taxable income (9% for small businesses)	Collected under agreement by Revenue Canada. Non-refundable renter's tax reductions; refundable venture capital tax credit for individuals, non-refundable venture capital tax credit for corporations; refundable employee investment tax credit for individuals; other non-refundable tax credits for claims against personal and corporate income tax include: Logging Tax Credit, Provincial Political Contributions Tax Credit and Provincial Royalty Tax Rebate.
		(2) Personal	51.5% of basic federal tax payable	
Capital	*Corporation Capital Tax Act* (R.S.B.C. 1979, c. 69; 1980, c. 4; c. 36, s. 16; 1982, c. 6; c. 43, s. 8; 1983, c. 6, s. 1-2; 1985, c. 24; 1987, c. 4; c. 18, s. 1)	Taxable paid-up capital of banks and trust companies with taxable paid-up capital of $500 million or more.	Banks and Trust Companies: 2% if taxable capital exceeds $500 million	Exemptions – Provincial income tax paid is deductable from the tax, thereby making this tax a minimum tax for large deposit taking financial institutions.
Real Property Transfers	*Property Purchase Tax Act*, S.B.C. 1987, c. 15; c. 44, s. 37; c. 64; 1989, c. 9, c. 28)	Fair market value of property or interest in property transferred	1% on the first $200,000 of value transferred and 2% on amounts in excess of $200,000	Numerous exemptions are provided, including the transfer of a principal residence, recreational residence or family farm to a related individual, an inter-spousal transfer of property pursuant to a written separation agreement or court order, transfers of property to local governments, transfers of property to registered charities and educational institutions, transfers of property to veterans under the *Veterans' Land Act* (Canada), and transfers of leases of less than 31 years' duration. A number of technical exemptions are also provided. The tax is reduced for eligible purchasers of eligible residential property where high-ratio financing is required to finance the purchase.
Retail sales	*Social Service Tax Act* (R.S.B.C. 1979, c. 388; 1980 c. 52; c. 10, s. 119; c. 49, s. 12; 1981, c. 8; c. 29; c. 15, s. 159–160; 1982, c. 39; 1983, c. 27; c. 6, s. 30–34; c. 20, s. 49–51; 1985, c. 32; 1986, c. 23, s. 16–22; 1987, c. 17; c. 18, ss. 15–20; 1988, c. 25; c. 45, s. 29–31; c. 46, s. 54; 1989, c. 13, c. 79)	Purchase and lease price of tangible personal property	General rate 6% Liquor 10%	Collected through vendors and lessors registered under the act, and paid by purchaser and lessees. The many exemptions generally fall into four categories: (1) Items considered to be basic necessities of life such as food, children's clothing and prescription medicaments; (2) Assistance to certain industries such as the exemption of special equipment used by *bona fide* farmers, fishermen and aquaculturists and the exemption of grinding media, explosives and drill bits used in mining; (3) Safety related equipment such as high visibility vests, steel toed boots and life jackets. (4) Energy conservation products including heat pumps, insulation material and wood stoves.
Accommodation	*Hotel Room Tax Act* (R.S.B.C. 1979, c. 183; 1981, c. 5, s. 31–32; c. 15, s. 103; 1982, c. 10, s. 12–22; 1983, c. 6, s. 13–16; 1984, c. 4; c. 26, s. 73; 1985, c. 27; 1986, c. 23, s. 6–8; 1987, c. 7; c. 18, s. 6; 1988, c. 45, s. 15; 1989, c. 1)	Purchase price of accommodation	8%. Eligible local governments may apply to have the province levy an additional tax of up to 2% in specified areas on their behalf	Exemptions include accommodations rented for a period in excess of two months; lodging provided in hospitals and nursing homes; lodging supplied to employees by employers, lodging on ships or trains, hotel rooms not used for accommodation; charges of $20 or less per day; charitable institutions; trailer parks and campsites; and establishments with accommodations for less than four tenants.
Tobacco	*Tobacco Tax Act* (R.S.B.C. 1979, c. 404; 1981, c. 5, s. 55–57; c. 15, s. 164; 1982, c. 29; 1983, c. 11; c. 6, s. 38–40; 1985, c. 33; 1987, c. 7; c. 18, s. 23; 1988, c. 28; c. 45, s. 32–33; 1989, c. 16)	By cigarette, cigar retail price, and weight on other tobacco products	5.76¢ per cigarette; 4¢ to 33¢ per cigar, 77% of retail price on cigars of more than 49¢ to a maximum tax of $2.50 per cigar; 4.4¢ per gram of loose tobacco)	Tax rates on cigarettes and tobacco adjusted semi-annually, based on Vancouver consumer price index subcomponent for tobacco products. Rates quoted effective September 1, 1989.

Table A5.3 Provincial Taxes — *Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
Motor fuel	*Motor Fuel Tax Act* (S.B.C. 1985, c. 76; 1986, c. 18; 1987, c. 13; 1988, c. 21; c. 45, s. 25–26; 1989, c. 8)			Tax rates are adjusted quarterly. All quoted rates effective September 1, 1989. The tax generally applies to all fuels used in internal combustion engines. Different tax rates apply to fuels used for different purposes. Compressed natural gas and propane used to propel motor vehicles are exempt. Handicapped persons who drive their own vehicles are entitled to refunds of tax paid under the Act.
		Clear gasoline (unleaded)	8.28¢ per litre	Tax rate is 22.5% of pretax retail price for gasoline.
		Clear gasoline (leaded)	10.28¢ per litre	Tax rate is the rate for unleaded gasoline plus 2¢ per litre.
		Motive fuel	8.72¢ per litre	Tax rate is the rate for unleaded gasoline plus 0.44¢ per litre. Tax applies to any fuel except leaded and unleaded gasoline, gasohol, natural gas, propane and butane used in a motor vehicle. Refunds are available for motive fuel used in private passenger vehicles.
		Coloured fuel, marine diesel fuel	2.57¢ per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Coloured fuel may only be used for specified primary production and industrial uses.
		Aviation and locomotive fuel	2.57¢ per litre	Tax rate is 7% of pretax Vancouver retail price for gasoline. Tax applies to aviation fuel purchased or loaded into the fuel tank of an aircraft within British Columbia. Tax applies to locomotive fuel used within the province.
		Natural gas used in stationary engines	7% of purchase price if purchased, 1.1¢ per 810.32 litres if used but not purchased	Tax applies to natural gas used in stationary engines other than pipeline compressors.
		Natural gas used in pipeline compressors	1.1¢ per 810.32 litres	Tax applies to natural gas used in a stationary engine at a natural gas or oil pipeline compressor station.
		Marine bunker	7% of purchase price	Tax applies to bunker fuel, or a combination of bunker and other fuels used as fuel in a ship.
Race-meetings	*Horse Racing Tax Act* (R.S.B.C. 1979, c. 175; 1980, c. 19; 1982, c. 10, s. 9-10; 1986, c. 23, s. 4–5; 1987, c. 18, s. 5; 1988, c. 13)	Parimutuel betting pool	7%	4/7 of total tax paid to increase purses, maintain a breeders incentive fund, make grants for breeders societies, operate race courses and horse racing meets, for equine health research, and for capital construction projects and related research costs. Net provincial tax is 3/7 of total tax paid.
Natural resources	*Logging Tax Act* (R.S.B.C. 1979, c. 248; 1981, c. 5, s. 36–38; 1982, c. 10, s. 26-27; 1983, c. 6, s. 19-20; 1984, c. 7, s. 15; 1986, c. 23, s. 11–13; 1987, c. 18, s. 11–12; 1989, c. 28)	Net income from logging	10% (Fully recoverable against federal and provincial corporation income tax)	Net income from logging after deducting investment and non-forestry income and a processing allowance.
	Mining Tax Act (R.S.B.C. 1979, c. 267; 1980, c. 12, s. 10-11; 1981, c. 5, s. 39–41; 1982, c. 10, s. 28-29; 1983, c. 6, s. 21-22; 1986, c. 23, s. 14–15; 1987, c. 18, s. 13–14; 1988, c. 20; 1989, c. 28, c. 55)	All income from mining operations if mining income exceeds $50,000	12.5%	Net income from mining after deducting investment and non-mining income and a processing allowance. Tax not applicable to petroleum, natural gas, or minerals taxed under the *Mineral Resource Tax Act* or, once effective, the *Mineral Tax Act*.
	Mineral Resource Tax Act (R.S.B.C. 1979, c. 263; 1980, c. 27; 1982, c. 43, s. 18–22; 1988, c. 19; 1989, c. 55)	Net income from individual mining operations (metallic minerals) other than coal, sand, gravel and certain other industrial minerals. No tax on first $50,000 for unincorporated mines or partnerships	15%	Net income after deductions including: accelerated capital cost allowances, exploration and development expenses, depletion and processing allowances. Tax is calculated on a mine-by-mine basis. Replaced on the coming into force of the *Mineral Tax Act*.

Table A5.3 Provincial Taxes — *Continued*

Type	Title and Statutory Reference	Tax Base	Tax Rate	Characteristics
	Mineral Land Tax Act (R.S.B.C. 1979, c. 260; 1980, c. 35; 1981, c. 19; c. 20; 1989, c. 55)	Assessed value of freehold mineral land and production tracts	Basic undesignated mineral land: 62¢–$2.47 per hectare Producing land: $12.50 per $1,000 of assessed value	Rates of tax set on sliding scale, dependent on amount and designation of land. The assessed value of production tracts is based on the value of mineral production from the tract in the previous year. Effective April 1, 1990 the tax on coal properties will be replaced with the cash flow tax imposed under the *Mineral Tax Act*.
	Mineral Tax Act (S.B.C. 1989, c. 55)	Cash flow from individual metal and coal mines. No tax paid on first $50,000	Metal Mines: • 2% operating cash flow • 13% total cash flow Coal Mines: • 7.5% operating cash flow • 17.5% total cash flow	Tax calculated on mine-by-mine basis. Tax paid on operating cash flow creditable against tax on total cash flow.
Insurance	*Insurance Premium Tax Act* (R.S.B.C. 1979, c. 205; 1980, c. 12, 5, 8, 9; 1981, c. 5, s. 34; 1982, c. 10, s. 24; 1983, c. 6, s. 17-18; c. 20, s. 27; 1985, c. 28; 1986, c. 13; 1987, c. 11; c. 18, s. 9–10; 1988, c. 15; 1989, c. 28)	Direct premiums written	4% for vehicle insurance; 3% for general insurance; 2% for life, sickness, personal accident and loss of salary and wages insurance. Marine pleasure craft premiums taxed at 3%	Exemptions — Benefit societies; mutual corporations with 50% of income from farm or 100% from religious, educational, or charitable institutions; marine, except pleasure craft; approved medical or hospitalization plans.
	Fire Services Act (R.S.B.C. 1979, c. 133; 1980, c. 13; 1981, c. 15, s. 95; 1982, c. 49; 1987, c. 18, s. 2–3; 1988, c. 15, s. 3)	Direct premiums written for fire hazard	1%	Exemptions — Insurance Corporation of British Columbia (basic automobile insurance only).
Real property	*Taxation (Rural Area) Act* (R.S.B.C. 1979, c. 400; 1980, c. 12, s. 17-18; c. 18, s. 21-22; c. 49, s. 14; 1981, c. 5, s. 52-54; 1982, c. 27-28; 1983, c. 24, s. 37; c. 6, s. 36-37; c. 20, s. 52; 1984, c. 25, s. 65; 1985, c. 20, s. 37, 38; 1987, c. 2, s. 4; c. 31; c. 18, s. 21–22; 1988, c. 27)	Assessed value of land and improvements in rural areas (outside municipalities). Assessment determined under *Assessment Act*	0.23% for residential, recreational property/non-profit organizations; 0.46% for utilities, major industry, light industry, business and other property not contained in any other class; 0.05% for farm and managed forest lands.	
Non-residential school tax	*School Act* (S.B.C. 1989, c. 61)	Assessed value of non-residential land and improvements. Assessment determined under *Assessment Act*	1.6% for light industry, major industry, business and other property not contained in any other class; 0.67% for farm, recreational property, non-profit organizations; 1.2% for unmanaged forest; 0.6% for managed forest land.	

Table A5.4 Major Provincial Programs for Local Government

Type	Statutory Reference	Basis	Rate	Remarks
PROVINCIAL GOVERNMENT PROPERTY				
Provincial government property grant	*Municipal Aid Act*	Assessed value of improved properties	The individual tax rates of the municipality and regional district containing the property	Grants in lieu of taxes
REVENUE SHARING				
Unconditional municipal grant	*Revenue Sharing Act*	Municipal population, expenditure and assessment	80 per cent of available funds distributed in proportion to population; 20 per cent in proportion to expenditure and assessment	Largest single source of municipal grants
Basic municipal grant	*Revenue Sharing Act*	Municipal status	$50,000 minimum per municipality; $100,000 maximum	Unconditional
Water facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Sewerage facilities assistance (old)	*Revenue Sharing Act*	Local area taxable capacity	75 per cent of excess annual debt-servicing cost over a basic 2½ mill real property tax levy	Grants continuing until expiry of approved debt
Water facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25–50 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Sewerage facilities assistance (new)	*Revenue Sharing Act*	Capital cost of approved projects	25–50 per cent of approved costs, subject to other limits and high cost grant	Replaced "old" program in 1983
Major municipal highway grants	*Revenue Sharing Act*	Approved construction or acquisition costs	50 per cent of shareable costs	Designed to promote transportation networks and associated land use
Municipal incentives grant	*Ministry of Lands, Parks and Housing Act*	Municipal planning, projects and housing approvals	Up to $15,000 for municipal planning and up to $2,500 per eligible housing unit approvals	
Municipal planning grants	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $2 million
Regional district basic grant	*Revenue Sharing Act*	Regional district status	$40,000 per regional district	Unconditional
Regional district administration grant	*Revenue Sharing Act*	Regional district status	$40,000 per regional district	Unconditional
Regional district planning grant	*Revenue Sharing Act*	Approved costs for plan preparation	Amount varies according to approved planning costs	Annual ceiling of $1 million
Restructuring assistance	*Revenue Sharing Act*	Restructure studies and grants	Amount varies according to policing costs, property taxation and per capita grant	Annual ceiling of $4 million
Transmission line assistance	*Revenue Sharing Act*	Approved costs for installing existing utility lines underground	Cost shared equally between province, municipality and utilities	Designed to promote urban beautification
Study grants	*Revenue Sharing Act*	Approved sewer and water study costs	100 per cent of first $5,000; 50 per cent of balance to a maximum $15,000 grant	Assists with capital works evaluation
Stabilization	*Revenue Sharing Act*	Special account for grant stabilization	Annual contribution based on formula	Established to reduce the impact of provincial revenue fluctuations on grant programs

Table A6.1 Major Provincial Social Programs (at September 1, 1989)

Type	Statutory Reference	Basis	Rate	Remarks
EDUCATION PROGRAMS				
Public schools	*School Act*	Approved operating and capital costs of each school district	(a) Under the *School Act*, introduced in 1989, the province pays a base grant to each school district consisting of a percentage of the district's shareable operating expenses. School districts are eligible for an additional grant determined on the basis of wealth as measured by the residential assessed values per pupil. The shareable operating expenses, and the percentages applicable to the calculations of the base grant and additional grant are determined annually based on enrolments, approved levels of service and other budgetary requirements (b) The *School Act* (1989) provides for provincial payments to schools for debt servicing of eligible capital project costs using the same formula outlined for operating expenses. The *School Act* provides for phasing in of this new debt servicing formula over a period of three years.	Statutory levy on non-residential property is determined annually.
Independent schools	*Independent School Act*	Operating support contributions (number of students and type of school and program)	Based on 50 per cent (Group 1), 35 per cent (Group 2) and 10 per cent (Group 3) of the public school per pupil operating cost	
Universities	*University Act*	Operating contributions	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
Colleges and Provincial Institutes	*College and Institute Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
British Columbia Institute of Technology	*Institute of Technology Act*	Operating contributions (number of students and type of program)	(a) Contributions for operating expenses approved by the Ministry of Advanced Education and Job Training	
		Capital contributions	(b) Full cost of servicing debt for approved capital projects and acquisition of minor capital items	
Student Financial Assistance	*College and Institute Act*	Need	Loans repaid above $12,000 for a first degree and above $16,000 for a second degree; loans and grants provided up to $6,800 for students without dependents and up to $10,200 for students with dependents; other special assistance programs also available	
Open Learning Agency	*Open Learning Agency Act*	Operating contributions	(a) Contributions for operating expenses approved by Ministry of Advanced Education and Job Training (b) Full cost of servicing debt for approved capital projects and acquisition of certain equipment items	
EMPLOYMENT AND TRAINING PROGRAMS				
Employment/Training Programs	*Apprenticeship Act*	Need for employment related training	Province administers various programs that encourage, initiate and develop employment and training through financial assistance and consulting support for employers and vocational counselling and job-related services for employees and the unemployed	
Employment/Training Programs purchased by the federal government	*College and Institute Act*	Need for additional employment related training	Full tuition provided to participants eligible under the Canadian Jobs Strategy Program	Province recovers the full cost of training from the federal government under the Canada/British Columbia Agreement on Training up to a predetermined ceiling
Vocational Rehabilitation Programs		Need for vocational rehabilitation	Province administers programs that assist persons with medical or physical disabilities in obtaining employment or entry level training	Province recovers 50 per cent of the cost of services from the federal government under the Vocational Rehabilitation for Disabled Persons Agreement
HEALTH PROGRAMS				
Hospital care (including construction and equipment)	*Hospital Insurance Act*	In-patient care (includes acute, rehabilitation and extended care)	Payment of direct operating contributions to hospitals for care of all qualified provincial residents	Patient charge of $20.20 *per diem* (adjusted quarterly) for extended care (not applicable for persons under the age of 19).
		Out-patient care	Payment made for a wide range of services, including day-care surgery	
		Hospital equipment	Contributions of 33 to 100 per cent on major moveable depreciable equipment	
	Hospital District Act	Approved capital costs	60 per cent of debt service costs for approved construction and fixed equipment up to an amount equalling a levy, as prescribed in the Act, on the net taxable value of land and improvements, plus 80 per cent of any remaining expense	

Table A6.1 Major Provincial Social Programs (at September 1, 1989) — *Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Continuing care				
(A) Residential care	*Community Care Facility Act*	Need	Individual pays 85 per cent of the OAS/GIS rate *per diem* for basic accommodation; province provides balance	Includes private hospitals, community care facilities and extended care hospitals.
(B) Home care				
(a) Home nursing care and home preparation		Need	Province pays 100 per cent	
(b) Homemaker services	*Guaranteed Available Income for Need Act*	Need	User charge levied based on income	Province pays up to 100 per cent (including federal government contributions minus the user contribution).
Medical services	*Medical Service Act*	Premium rates	Medical services plan monthly premiums effective April 1, 1989, are: $31 per single person, $55 per family of two and $62 per family of three or more	
		Income or need	Subsidies of medical care premiums are provided, based on 1988 adjusted net family income with a 95 per cent subsidy for adjusted family income of $9,000 or less; 75 per cent for incomes between $9,001 and $11,000; 55 per cent for incomes between $11,001 and $13,000; 35 per cent for incomes between $13,001 and $15,000; and, 15 per cent for incomes between $15,001 and $17,000.	
Ambulance service	*Health Emergency Act*	Transportation, resuscitation and advanced life support	Net cost paid by province	Patient (resident of province) charged fee of $37 plus 40 cents per kilometre over 40 kilometres, up to a maximum $227.
Pharmacare	*Guaranteed Available Income for Need Act*	Age or income	(a) Free prescription drugs for persons aged 65 and over, long-term care residents and unemployable and handicapped GAIN clients; persons aged 65 and over pay 75 per cent of dispensing fees to an annual maximum of $125 after which full benefits are provided by Pharmacare (b) 80 per cent subsidy of prescription costs over $325 for a family or for a single person in each calendar year (c) Provides subsidies to patients who, because of their medical condition, require oxygen in their homes	Province pays 100 per cent (including federal contribution).
PROPERTY TAX RELIEF PROGRAMS				
Grant applied against home owner property tax	*Home Owner Grant Act*	Per eligible home owner	$430 plus additional $270 for home owners 65 and over, for recipients of war veterans allowances and for eligible handicapped persons	Minimum tax payable, $350; $100 if eligible for supplemental grant; applies first to school taxes.
Real property tax deferment	*Land Tax Deferment Act*	Per resident home owner age 60 or over, widowed spouse, handicapped	Deferment of 100 per cent of net property tax	Deferred taxes allowed only where property is owner occupied; mobile homes may also qualify.
HOUSING PROGRAMS				
Social Housing Program	*Ministry of Lands, Parks and Housing Act*	Income and housing need	Rent is subsidized to 30 per cent of income of residents in units operated by BCHMC and designated units in non-profit and private market housing	
B.C. Mortgage Assistance Program	*Mortgage Assistance Program Act*	Home cost and residency	Provincial government guarantee of up to $12,000 providing applicant has not benefited previously	Application must be made when arranging mortgage financing; program is offered through participating financial institutions; available for new or used housing $100,000 or less in value.
Special Purpose Housing	*Ministry of Lands, Parks and Housing Act*	Temporary shelter and housing for disabled persons requiring nursing and intermediate care	Mortgage interest written down to 2 per cent	Operating subsidies are provided by the Ministries of Health and Social Services and Housing.
Property purchase tax relief	*Property Purchase Tax Act*	Home price, residency, high-ratio financing, principal residence	Property purchase tax reduced by 4 per cent of the difference between the amount of registered financing and 75 per cent of the property's fair market value	Applicable to home purchases valued at $150,000 or less, where the purchaser does not have the ability to make a large down payment (i.e. in excess of 25% of purchase price); home buyer must have lived in British Columbia for one year.
Renter's tax credit	*Income Tax Act*	Income and need	Credit is lesser of 10% of annual rent, or $200 for principal taxpayer and $200 for each dependent. Credit is reduced by 3% for family net income in excess of $10,000	Credit is claimed at time of filing income tax return. Program is targeted at low-income families.
B.C. Rental Supply Program	*Ministry of Lands, Parks and Housing Act*	Eligible rental housing projects determined by proposal call	5-year mortgages at below market rates down to 8 per cent	Mortgage must be arranged through participating financial institutions; a specified amount of equity is required.

Table A6.1 Major Provincial Social Programs (at September 1, 1989) — *Continued*

Type	Statutory Reference	Basis	Rate	Remarks
Land acquisition	*Ministry of Lands, Parks and Housing Act*	Eligible rental housing projects determined by proposal call	Sale or lease of lands owned directly or indirectly by the province; property purchase tax forgiven	Sales conditional on the development of rental housing; province will share revenues of sales with municipalities participating in program.
Start-up grant for non-profit seniors' housing	*Ministry of Lands, Parks and Housing Act*	Non-profit societies by application	Start-up grants of $20,000 per eligible project	To assist non-profit societies initiate unsubsidized seniors' rental housing projects.
Municipal incentives grants	*Ministry of Lands, Parks and Housing Act*	Number of starts of multi-family rental housing	Grants up to $2,500 per unit in projects receiving prompt municipal approval	Grants will assist municipalities in planning and providing services to new multi-family rental developments.
INCOME ASSISTANCE AND SOCIAL PROGRAMS				
Income assistance (social allowance, age benefits and supplement to old age security, and handicapped persons' income assistance)	*Guaranteed Available Income for Need Act*	Income and need	Benefits are determined by factors such as family size and employability	Province pays 100 per cent of allowance and recovers 50 per cent in federal contributions in most cases.
		Disability and need	Benefits effective July 1, 1989 are: single handicapped person, $658 monthly maximum; couple, with one person handicapped, $977 monthly; couple, both persons handicapped, $1,117	Province pays 100 per cent of cost and recovers 50 per cent in federal contributions in most cases.
Elderly renters' assistance	*Shelter Aid for Elderly Renters Act*	Tenants age 60 and over and in financial need	Monthly payments for those who pay more than 30 per cent of income on rent	Maximum claimable rent of $475 per month for a couple, $450 per month for a single person and $700 per month for those who share.
Health care services	*Guaranteed Available Income for Need Act*	Need	Comprehensive health care to some recipients of income assistance and to children in care	Province pays 50 to 100 per cent, depending on the type of expenditure and the amount of federal contribution.
Services for the mentally handicapped	*Guaranteed Available Income for Need Act*	Income or need	Institutional and community based residential care; achievement centres; community living skills; work placement	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Family support homemaker services	*Guaranteed Available Income for Need Act*	Need	Temporary homemaker services for families and individuals	Province pays up to 100 per cent (including federal contribution).
Child day care and special needs day care	*Guaranteed Available Income for Need Act*	Income and need	Subsidy for each child	Province pays up to 100 per cent (including federal contribution).
		Approved emergency repair or relocation costs	Grants to non-profit daycare centres up to $5,000	Province pays 100 per cent (including federal contribution).
Infant development program	*Guaranteed Available Income for Need Act*	Need	Fully subsidized	
Family and children's services (protection services, payments to foster, group and special care homes, special services to children, rehabilitation resources, reconnect, family support, homemaker services and adoption programs)	*Family and Child Service Act*	Need and/or income	(a) Foster care rates effective May 1, 1989: $276.44 to $407.14 per month according to age; special rates for authorized care or services (b) Other services provided through a contracted basis, subsidy to parents, or contributions to a community agency	Province pays up to 100 per cent according to type of expenditure (including federal contribution).
Community projects	*Guaranteed Available Income for Need Act*	Approved operating costs	Contributions for various community-based projects and services, including crisis centres, family support and counselling, youth programs, programs for handicapped, volunteer bureaus and multi-service agencies	Province pays 100 per cent (including federal contribution).
Assistance to Employment (Incentive allowance, employment opportunity program, community tourism employment training program, environment youth program, job action, work clothing and transportation, education and training assistance, work activity projects and employment incentives for the handicapped)	*Guaranteed Available Income for Need Act*	Income and Need	Assistance and incentives vary among programs	Various forms of incentives and assistance to prepare income assistance recipients for return to work.
OTHER PROGRAMS				
Highways	*Highway Act*	Provincial highways in municipalities	Arterials, 100 per cent; secondary, 50 per cent for capital works, 40 per cent for maintenance	
Urban transit	*British Columbia Transit Act*	Planning and funding of transit services	Shared-cost formula with users, the province and municipalities contributing	
Library grants	*Library Act*	Population served (and area served in the case of regionally organized libraries)	Rates are established annually	
Provincial guaranteed debt			Guarantees for debt of municipalities and other local entities for water, sewerage, drainage, schools, post-secondary institutions, hospitals, etc.	Province provides grants covering specified proportions of debt-service costs.

Table A7.1 Major British Columbia Crown Corporations and Agencies

Corporate Entity	Statutory Authority	Minister Responsible	Functions
British Columbia Assessment Authority	*Assessment Authority Act*	Minister of Finance and Corporate Relations	Assessment of all real property within the province for taxation purposes.
British Columbia Hydro and Power Authority	*Hydro and Power Authority Act*	Minister of Energy, Mines and Petroleum Resources	Generation, transmission and distribution of electricity.
British Columbia Railway Company	*British Columbia Railway Act*	Minister of Transportation and Highways	Operation of railway.
Insurance Corporation of British Columbia	*Insurance Corporation Act*	Minister of Labour and Consumer Services	Provision of automobile insurance.
British Columbia Ferry Corporation	*Ferry Corporation Act*	Minister of Transportation and Highways	Operation of coastal ferry service.
British Columbia Steamship Company (1975) Ltd.	*Ministry of Transportation and Highways Act; Canada Corporations Act*	Minister of Finance and Corporate Relations	Own and operate gaming concessions on board vessels operated by B.C. Stena Line Ltd.
British Columbia Petroleum Corporation	*Petroleum Corporation Act*	Minister of Energy, Mines and Petroleum Resources	Purchase and resale of natural gas and natural gas by-products.
Provincial Rental Housing Corporation	*Ministry of Social Services and Housing Act; Company Act*	Minister of Social Services and Housing	Holding provincial ownership in public housing units.
British Columbia Housing Management Commission	*Ministry of Social Services and Housing Act*	Minister of Social Services and Housing	Management of provincial and federal-provincial housing units and administration of rent supplement programs.
British Columbia Buildings Corporation	*British Columbia Buildings Corporation Act*	Minister of Government Management Services	Provision of accommodation for government ministries and certain government entities.
British Columbia Systems Corporation	*System Act*	Minister of Government Management Services	Provision of data processing services for government ministries and certain government entities.
British Columbia School Districts Capital Financing Authority	*School District Capital Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by school districts.
British Columbia Regional Hospital Districts Financing Authority	*Hospital District Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by regional hospital districts.
British Columbia Educational Institutions Capital Financing Authority	*Educational Institution Capital Finance Act*	Minister of Finance and Corporate Relations	Provision of capital funds required by universities, colleges and institutes.
British Columbia Transit	*British Columbia Transit Act*	Minister of Municipal Affairs, Recreation and Culture	Provision and maintenance of public transportation systems.
Liquor Distribution Branch	*Liquor Distribution Act*	Minister of Labour and Consumer Services	Purchase, distribution and sale of alcoholic beverages.
Provincial Capital Commission	*Capital Commission Act*	Minister of Municipal Affairs, Recreation and Culture	Protection and enhancement of the Capital Improvement District and management of properties in commission control.
British Columbia Enterprise Corporation	*British Columbia Enterprise Corporation Act*	Minister of Government Management Services	Privatize ownership of its assets and operations.
British Columbia Trade Development Corporation	*Trade Development Corporation Act*	Minister of International Business and Immigration	Assist British Columbia businesses export goods and services.
British Columbia Lottery Corporation	*Lottery Corporation Act*	Minister of Tourism and Provincial Secretary	Development, conduct and management of lottery operations on behalf of the provincial government, and in conjunction with the governments of other provinces.
B.C. Pavilion Corporation	*British Columbia Place Act*	Minister of Government Management Services	Management of public facilities including the Vancouver Trade and Convention Centre and the British Columbia Place Stadium.

APPENDIX 8

LIEUTENANT GOVERNOR, EXECUTIVE COUNCIL AND MEMBERS OF THE THIRTY-FOURTH LEGISLATIVE ASSEMBLY (at September 29, 1989)

LIEUTENANT GOVERNOR

His Honour the Honourable David C. Lam, C.M., K.St.J., B.A., M.B.A., LL.D.

EXECUTIVE COUNCIL

Premier and President of the Executive Council	Honourable William N. Vander Zalm
Attorney General	Honourable Bud Smith, Q.C.
Minister of Finance and Corporate Relations	Honourable Melville B. Couvelier
Minister of Advanced Education and Job Training and Minister Responsible for Science and Technology	Honourable Stanley B. Hagen
Minister of Agriculture and Fisheries	Honourable John Savage
Minister of Education	Honourable Anthony J. Brummet
Minister of Energy, Mines and Petroleum Resources	Honourable John Davis, P.C.
Minister of Forests	Honourable Dave Parker
Minister of Government Management Services	Honourable Clifford C. Michael
Minister of Health and Minister Responsible for Seniors	Honourable Peter A. Dueck
Minister of International Business and Immigration	Honourable John Jansen
Minister of Labour and Consumer Services	Honourable Lyall Hanson
Minister of Municipal Affairs, Recreation and Culture	Honourable Rita M. Johnston
Minister of Regional Development and Minister of State for Mainland/Southwest	Honourable Elwood N. Veitch
Minister of Social Services and Housing	Honourable Claude H. Richmond
Solicitor General	Honourable Angus Ree
Minister of State for Cariboo, Responsible for Environment	Honourable W. Bruce Strachan
Minister of State for Nechako and Northeast, Responsible for Native Affairs	Honourable Jack Weisgerber
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Honourable Howard Dirks
Minister of State for Vancouver Island/Coast and North Coast, Responsible for Parks	Honourable Dr. Terry Huberts
Minister of Tourism and Provincial Secretary	Honourable Claude H. Richmond
Minister of Transportation and Highways	Honourable Neil Vant

PARLIAMENTARY SECRETARIES

Minister of Finance and Corporate Relations	Norman Jacobsen
Minister of International Business and Immigration	Larry Chalmers
Minister of Regional Development and Minister of State for Mainland/Southwest	Harry DeJong
Minister of Regional Development and Minister of State for Mainland/Southwest	Dan Peterson
Minister Responsible for the Premier's Advisory Council for Persons with Disabilities	Douglas L. Mowat
Minister Responsible for Seniors	Nick Loenen
Minister of State for Cariboo, Responsible for Environment	James T. Rabbitt
Minister of State for Nechako and Northeast, Responsible for Native Affairs	Clifford Serwa
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Duane Crandall
Minister of State for Thompson-Okanagan and Kootenay, Responsible for Crown Lands	Ivan Messmer
Minister of State for Vancouver Island/Coast and North Coast, Responsible for Parks	Harold Long

THIRTY-FOURTH LEGISLATIVE ASSEMBLY

Premier: Honourable William N. Vander Zalm

Speaker: Honourable John D. Reynolds

Leader of the Opposition: Michael Harcourt

Deputy Speaker: F. C. Austin Pelton

Clerk of the Legislative Assembly: Ian M. Horne, Q.C.

Sergeant-at-Arms: R. A. Nicol

Barlee, Bill N. L.	New Democrat	Boundary-Similkameen
Barnes, Emery O.	New Democrat	Vancouver Centre
Blencoe, Robin	New Democrat	Victoria
Boone, Lois	New Democrat	Prince George North
Bruce, Graham	Social Credit	Cowichan-Malahat
Brummet, Hon. Anthony J.	Social Credit	North Peace River
Cashore, John	New Democrat	Maillardville-Coquitlam

Chalmers, Larry	Social Credit	Okanagan South
Clark, Glen	New Democrat	Vancouver East
Couvelier, Hon. Melville B.	Social Credit	Saanich and the Islands
Crandall, Duane	Social Credit	Columbia River
D'Arcy, Christopher	New Democrat	Rossland-Trail
Davidson, K. Walter	Social Credit	Delta
Davis, Hon. John, P.C.	Social Credit	North Vancouver-Seymour
De Jong, Harry	Social Credit	Central Fraser Valley
Dirks, Hon. Howard	Social Credit	Nelson-Creston
Dueck, Hon. Peter A.	Social Credit	Central Fraser Valley
Edwards, Anne	New Democrat	Kootenay
Fraser, Russell G.	Social Credit	Vancouver South
Gabelmann, Colin S.	New Democrat	North Island
Gran, Carol	Social Credit	Langley
Guno, Larry	New Democrat	Atlin
Hagen, Anita	New Democrat	New Westminster
Hagen, Hon. Stanley B.	Social Credit	Comox
Hanson, Gordon	New Democrat	Victoria
Hanson, Hon. Lyall	Social Credit	Okanagan North
Harcourt, Michael	New Democrat	Vancouver Centre
Huberts, Hon. Dr. Terry	Social Credit	Saanich and the Islands
Jacobsen, Norman	Social Credit	Dewdney
Jansen, Hon. John	Social Credit	Chilliwack
Janssen, Gerard	New Democrat	Alberni
Johnston, Hon. Rita M.	Social Credit	Surrey-Newton
Jones, Barry	New Democrat	Burnaby North
Kempf, Jack J.	Independent	Omineca
Loenen, Nick	Social Credit	Richmond
Long, Harold	Social Credit	Mackenzie
Lovick, Dale	New Democrat	Nanaimo
McCarthy, Grace M.	Social Credit	Vancouver-Little Mountain
Marzari, Darlene	New Democrat	Vancouver-Point Grey
Mercier, David	Social Credit	Burnaby-Edmonds
Messmer, Ivan	Social Credit	Boundary-Similkameen
Michael, Hon. Clifford C.	Social Credit	Shuswap-Revelstoke
Miller, Dan	New Democrat	Prince Rupert
Mowat, Douglas L., C.M.	Social Credit	Vancouver-Little Mountain
Parker, Hon. Dave	Social Credit	Skeena
Pelton, F. C. Austin	Social Credit	Dewdney
Peterson, Dan	Social Credit	Langley
Perry, Dr. Tom	New Democrat	Vancouver-Point Grey
Pullinger, Jan	New Democrat	Nanaimo
Rabbitt, James T.	Social Credit	Yale-Lillooet
Ree, Hon. Angus	Social Credit	North Vancouver-Capilano
Reid, William E.	Social Credit	Surrey-White Rock-Cloverdale
Reynolds, Hon. John D.	Social Credit	West Vancouver-Howe Sound
Richmond, Hon. Claude H.	Social Credit	Kamloops
Rogers, C. Stephen	Social Credit	Vancouver South
Rose, Mark W.	New Democrat	Coquitlam-Moody
Savage, Hon. John	Social Credit	Delta
Serwa, Clifford	Social Credit	Okanagan South
Sihota, Moe	New Democrat	Esquimalt-Port Renfrew
Smallwood, Joan	New Democrat	Surrey-Guildford-Whalley
Smith, Brian R. D., Q.C.	Social Credit	Oak Bay-Gordon Head
Smith, Hon. Bud, Q.C.	Social Credit	Kamloops
Strachan, Hon. W. Bruce	Social Credit	Prince George South
Vander Zalm, Hon. William N.	Social Credit	Richmond
Vant, Hon. Neil	Social Credit	Cariboo
Veitch, Hon. Elwood N.	Social Credit	Burnaby-Willingdon
Weisgerber, Hon. Jack	Social Credit	South Peace River
Williams, Robert A.	New Democrat	Vancouver East
Zimhelt, David	New Democrat	Cariboo

CABINET COMMITTEE MEMBERSHIP

Planning and Priorities

Hon. William N. Vander Zalm (Chairman)
Hon. Melville B. Couvelier (Vice Chairman)
Hon. Bud Smith, Q.C.
Hon. Stanley B. Hagen
Hon. John Davis, P.C.
Hon. Lyall Hanson
Hon. Rita M. Johnston
Hon. Elwood N. Veitch
Hon. Claude H. Richmond

Treasury Board

Hon. Melville B. Couvelier (Chairman)
Hon. Peter A. Dueck (Vice Chairman)
Hon. Bud Smith, Q.C.
Hon. Stanley B. Hagen
Hon. John Davis, P.C.
Hon. Clifford C. Michael
Hon. John Jansen
Hon. Lyall Hanson
Hon. Elwood N. Veitch

Other Cabinet Committees

Members	Legislation and Regulations	Regional Development	Environment and Land Use	Social Policy	Native Affairs	Cultural Heritage	British Columbia Transit	Vancouver International Airport
Hon. Bud Smith, Q.C.	X[1]			X	X	X		X
Hon. Melville B. Couvelier							X	X
Hon. Stanley B. Hagen		X		X	X			
Hon. John Savage		X	X		X			
Hon. Anthony J. Brummet				X		X		
Hon. John Davis, P.C.		X	X				X	
Hon. Dave Parker		X	X		X[2]			
Hon. Clifford C. Michael				X				
Hon. Peter A. Dueck				X[2]		X		
Hon. John Jansen	X	X						X[1]
Hon. Lyall Hanson	X			X				
Hon. Rita M. Johnston		X	X		X	X	X[1]	
Hon. Elwood N. Veitch		X[1]						X
Hon. Claude H. Richmond	X[2]			X[1]	X			
Hon. Angus Ree				X	X			
Hon. W. Bruce Strachan	X	X	X[1]		X			X
Hon. Jack Weisgerber		X			X[1]			
Hon. Howard Dirks		X	X			X		
Hon. Dr. Terry Huberts		X	X					
Hon. Neil Vant		X					X	X

[1] Chairman
[2] Vice Chairman

APPENDIX 9

THE MINISTRY OF FINANCE AND CORPORATE RELATIONS
(at September 1989)

Minister of Finance and Corporate Relations
The Honourable Mel Couvelier

Deputy Minister: Philip G. Halkett

Executive Operations Coordinator: G. Back
Director of Communications: L. Jackson

Administration and Support Services Division
Executive Director: W. H. Bell

Directors:

- A. C. Carr (General Manager, Information Technology Management)
- J. S. Powell (Financial Services and Administration)
- G. D. Price (Personnel)

The Administration and Support Services Division provides financial, administrative, personnel and technical services to the Ministry of Finance and Corporate Relations.

Provincial Treasury
Assistant Deputy Minister: M. Costello

Directors:

- K. J. Davidson (Loan Administration)
- B. Eaton (Debt Management)
- D. G. Pearce (Investments)
- A. van Iersel (Banking/Cash Management)

The Provincial Treasury is responsible for managing the financial assets and liabilities of the government. The Provincial Treasury assists the Minister of Finance and Corporate Relations by negotiating transactions to meet the funding requirements of the government and its corporations estimated at $1.4 billion in 1989/90. The Provincial Treasury manages assets valued in excess of $18 billion; forecasts, monitors and controls the annual cash flow of the General and Special Funds and trusteed funds; and manages over 2,200 government bank accounts.

Revenue Division
Assistant Deputy Minister: E. L. Munro

Directors:

- A. B. Carver (Income Taxation)
- C. Jongbloed (Surveyor of Taxes, Real Property Taxation)
- D. J. Sandell (Revenue Administration)
- E. J. Turner (Executive Director, Consumer Taxation)

The Revenue Division is responsible for the legislative interpretation and administration of 14 taxation statutes which are the responsibility of the Minister of Finance and Corporate Relations, and for the collection of annual tax revenues of over $3 billion. Included are statutes covering the taxation of goods sold to consumers, property taxation in rural areas of the province, provincial income and capital based taxes, and a property purchase tax. The division also has the responsibility of ensuring compliance under the *Income Tax Act* which is administered by Revenue Canada. Through vendor education, taxpayer audit and assessment, accounts receivable control and appropriate collections activities, revenue is maximized and taxpayer compliance is ensured.

Treasury Board Staff
Deputy Secretary to Treasury Board: (Vacant)

Directors:

- A. Eastwood (Taxation and Intergovernmental Relations)
- P. Grewar (Risk Management)
- R. J. Hobart (Financial and Economic Analysis)
- L. McNabb (Government Estimates and Administrative Policy)
- C. Trumpy (Economic Development Policy)
- T. Vakil (Social Policy)

Treasury Board Staff is responsible for planning, analysis and policy development with respect to economic, financial and management matters affecting the government and the province. Advice and support is provided to the government in forecasting and strategic planning, and in acquisition, allocation and management of resources for the purpose of meeting government priorities.

Office of the Comptroller General
Comptroller General: D. B. Marson
Deputy Comptroller General: A. J. Barnard

Directors:

- F. G. Hepburn (Executive Director, Internal Audit)
- A. R. Horner (Systems Support)
- H. W. Maltby (Financial Management)
- M. A. Petrie (Financial Disbursement Operations)
- A. C. Pickering (Government Payroll Office)
- V. Skaarup (Accounting and Reporting)

The Office of the Comptroller General establishes the accounting principles, policies and practices governing the accounts of the province, establishes the financial management control and reporting systems in use throughout government, and advises the Treasury Board on all matters pertaining to government financial management policies and practices. The office maintains the central accounting, reporting and payment systems for the government and prepares the annual Public Accounts and related reports. In addition, the office advises and assists ministries in establishing and improving their accounting and control systems, provides an internal audit function for the independent review of the effectiveness and efficiency of financial control systems, and develops and administers training programs in government financial management administration.

Corporate Relations
Assistant Deputy Minister: G. Armstrong

- G. Armstrong (Superintendent of Financial Institutions)
- D. W. Boyd (Registrar of Companies)
- D. J. Perrin (Director, Policy and Legislation)

The Corporate Relations Division is responsible for legislation governing financial and commercial activities in the province. The division regulates these activities with the aim of facilitating stable and orderly markets which encourage growth in the province's commercial and financial sectors, while protecting the interests of the public.

Central Statistics Bureau
Provincial Statistician: W. P. McReynolds

Directors:

- T. G. Beynon (Quantitative Analysis)
- N. J. Paul (Statistics)

The Central Statistics Bureau provides the government with timely and reliable statistical information and provides quantitative tools of analysis for decision support. The bureau discharges the responsibilities of the Minister of Finance and Corporate Relations under the *Statistics Act*, and represents British Columbia in the National Statistical System.

APPENDIX 10

GOVERNMENT AGENTS (at June 1989)

The Government Agents Branch maintains offices in 60 communities to provide the public with a wide range of government services. Government Agents offices in 15 locations presently provide a full range of motor vehicle services to the public. Services include: issuance of learner, renewal and replacement driver licenses; and issuance of motor vehicle permits and insurance. Within the next year, 12 more Motor Licence Offices will be integrated with Government Agents to enhance client convenience.

B.C. Access Centres in Government Agents offices bring together a number of ministries in a single facility to provide one-stop shopping services to the public. Their objectives include:

- greater public access to frequently used government services,
- better hours of service by ensuring lunch hour coverage for small operations, and
- lower costs by making more effective use of accommodation and the pooling of support staff.

The Vital Statistics services offered in the Government Agents Branch include birth, death and marriage certificates for events occurring in British Columbia. Applications and payment for other vital statistics services, such as name changes and will searches, are also accepted by the Government Agents Branch.

Government Agents can provide clients who do not have personal computers with access to databases covered by B.C. Online (Land Titles Registry, Central Registry of Liens, and Companies Registry). Government Agents are also able to obtain information regarding consumer tax, land tax, provincial voter lists, Medical Services Plan, Crown lands, B.C. Business Network, ICBC and driver licensing. Responsibility for the Government Agents Branch was transferred to the Ministry of Regional Development in July 1988.

Location	Telephone	Government Agent	Location	Telephone	Government Agent
Ashcroft	453-2412	E. J. Johnstone	Merritt[2]	378-9343	G. Swan
Atlin[4]	651-7595	F. Jenkins	Nakusp	265-3646	J. D. Young
Bella Coola	799-5361	J. K. Foster	Nanaimo[1,4]	755-2200	V. J. Blue
Burns Lake	692-7117	E. Fukushima	Nelson[5]	354-6104	P. W. J. Lee
Campbell River[3,4]	286-7555	J. D. Mackenzie	New Westminster	660-8666	G. S. Townsend
Cassiar[4]	778-7507	Vacant	Oliver	498-3818	D. R. Blatchford
Chetwynd	788-2239	R. Woods	100 Mile House	395-5500	J. E. Dunsmuir
Chilliwack[2,5]	795-8415	J. D. Hay	Penticton[4]	492-1211	J. W. Torrance
Clinton	459-2268	J. E. White	Port Alberni[4]	724-9200	J. Stanhope
Courtenay[2,5]	334-1100	D. Egeland	Port Hardy	949-6323	W. H. Newman
Cranbrook[2,5]	426-1211	W. R. Anderson	Powell River	485-2815	B. Johnston
Creston	428-3211	E. Breitkreuz	Prince George[2,5]	565-6060	W. Christie
Dawson Creek[5]	784-2224	S. W. Minifie	Prince Rupert[4]	627-0415	Vacant
Duncan[2,5]	746-1226	J. Bodard	Princeton	295-6957	C. L. Heroux
Fernie	423-6845	R. Jaskela	Queen Charlotte City[4]	559-4452	F. Marolla
Fort Nelson	774-6945	J. Hall	Quesnel[3,4]	992-4301	R. A. Campbell
Fort St. James	996-7585	B. L. Thomson	Revelstoke[4]	837-7636	P. Welock
Fort St. John[1,5]	787-3350	J. R. Frey	Rossland[3,5]	362-7324	A. D. Sherwood
Ganges	537-5414	W. L. Campbell	Salmon Arm[2,5]	832-1611	D. J. Koskimaki
Golden	344-7550	J. W. Olson	Sechelt	885-5187	G. Swift
Grand Forks	442-5444	S. Matsuo	Smithers[2,5]	847-7207	D. G. McMillan
Houston	845-2990	P. Euverman	Sparwood	425-6363	S. F. Arola
Invermere	342-4260	B. G. Mackenzie	Squamish	892-2400	D. L. Martin
Kamloops[4]	828-4540	W. Poohachoff	Stewart[4]	636-2294	D. Cadieux
Kaslo	353-2219	J. James	Terrace[1,4]	638-3200	R. A. Trombley
Kelowna[4]	861-7440	W. A. R. Tozer	Ucluelet	726-7025	J. Spalding
Kitimat	632-6188	G. Fox	Valemount	566-4448	R. Meyer
Lillooet	256-7548	R. E. Hall	Vanderhoof[3]	567-6301	W. J. Woolsey
Mackenzie	997-4270	L. Ehrman	Vernon[2,5]	549-5511	N. G. Schulz
Maple Ridge	467-6901	J. A. Lane	Williams Lake[2,5]	398-4211	J. H. Hoem

[1] Access Centre currently open.
[2] Access Centre scheduled to open before March 31, 1990.
[3] Access Centre planned for 1990/91.
[4] Government Agent currently provides motor vehicle services.
[5] Government Agent scheduled to integrate motor vehicle services within one year.